



# Forbearance as Redistribution: Enforcement Politics in Urban Latin America

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Forbearance as Redistribution:  
Enforcement Politics in Urban Latin America

A dissertation presented  
by  
Alisha Caroline Holland  
to  
The Department of Government

in partial fulfillment of the requirements  
for the degree of  
Doctor of Philosophy  
in the subject of  
Political Science

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Forbearance as Redistribution:  
Enforcement Politics in Urban Latin America

Abstract

Why do governments tolerate the violation of their own laws and regulations, and when do they enforce them? Conventional wisdom is that state weakness erodes enforcement, particularly in the developing world. In contrast, I highlight the understudied political costs of enforcement. Governments choose not to enforce state laws and regulations that the poor tend to violate, a behavior that I call *forbearance*, when it is in their electoral interest.

I argue that two central factors shape enforcement decisions: first, the economic progressivity of welfare expenditures affects incentives for local politicians to enforce. When social policies are truncated or absent, forbearance emerges as a credible way for politicians to boost welfare informally and signal their distributive priorities. Second, political decentralization determines the electoral weight of poor voters. When elections occur at a local level and poor voters constitute a plurality, politicians are more likely to forbear in line with district preferences.

I develop the argument through a set of comparative case studies of enforcement against two legal violations—squatting and unlicensed street vending—in three Latin American capital cities since 1990. I draw on an original public opinion survey and experiment, in-depth interviews, administrative records, newspaper archives, and campaign platforms. Several empirical observations distinguish my theory from dominant alternatives centered on state weakness: 1) the poor support forbearance and candidates who advocate it, 2) politicians block enforcement on electoral grounds even after bureaucrats perform their roles, 3) enforcement choices vary with politicians' core constituencies, and 4) electoral rules generate predictable enforcement patterns.



The contribution is to show how forbearance can function as an informal welfare policy, and how its use in turn alters the politics of tax-based redistribution in low and middle-income democracies. Scholars often assume that political divisions form between the Left that favors tax-based redistribution and the Right that resists it. My research instead suggests that electoral competition can center on informal welfare policies, particularly in contexts where formal benefits accrue to the middle class.

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## Chapter 1

### An Electoral Theory of Forbearance

The Law, in its majestic equality, forbids, the rich, as well as the poor,  
to sleep under the bridges, to beg in the streets, and to steal bread.

—Anatole France, *The Red Lily* (1894)

María Luz has a newspaper article plastered to her precarious house in a squatter settlement in Bogotá, Colombia. The article title reads, “Social Interest Housing: A False Promise?” It chides the Colombian government for excluding the poor from its housing program through onerous savings requirements. As María Luz reasons, the absence of state housing options “protects” her house built in the city’s slums without land title: “If the government will not provide a decent home and living conditions for my family, then it has no right to take me off this land.”<sup>1</sup>

Indeed, just ten miles from María Luz’s neighborhood, the Colombian Congress debated legislation to build a million houses for the poor. The Housing Ministry pitched the bill as a way to undercut squatting. Two-thirds of housing construction in Colombia in the past thirty years has occurred informally because, as the government itself acknowledges, it does not provide accessible alternatives for poor families.<sup>2</sup> María Luz is similar to millions of Latin Americans who have violated state laws and regulations to secure basic social goods. The poor’s access to housing, electricity, and employment hinges on how property laws are implemented. Yet rarely are enforcement decisions incorporated into analyses of social policy or electoral politics.

Conventional wisdom is that limited enforcement reflects a weak state unable to implement its laws due to resource constraints or inept bureaucracies. In light of standard expectations, widespread violations of property laws are perhaps unsurprising in low and middle-income countries

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<sup>1</sup> Author interview, Bogotá, Colombia, September 5, 2012.

<sup>2</sup> “Viviendas aplazan candidatura de Vargas en 2014,” *El Colombiano*, 29 April 2012.



where institutions are weak and ineffective. Governments cannot act otherwise. Far more puzzling, then, are instances when governments do enforce their laws. Politicians evict street vendors, bulldoze squatter settlements, raze informal mining rigs, and disconnect illegal electricity lines. After a century of encroachment, for example, the Peruvian government removed more than 30,000 street vendors to recover Lima's historic center in the late-1990s. Equally nettlesome questions arise as to why governments with otherwise effective institutions *do not* enforce their laws. The Chilean government can compel citizens to wear seat belts, and yet looks the other way when thousands of street vendors sell everything from car parts to feather dusters on major avenues.

These scattered examples raise broad questions about enforcement politics: Why do governments tolerate the violation of their laws and regulations? And when do they enforce them, or change the letter of the law to match lived experience? These broad questions give rise to more micro-level questions about how ordinary citizens, bureaucrats, and politicians view enforcement. Do citizens *want* enforcement? Does income or political ideology impact enforcement demands? And what do enforcement attitudes and decisions say about how citizens and state officials view the poor and their social responsibilities? Do bureaucrats subvert politicians' enforcement orders, and for what reasons?

This project uses the lens of distributive politics to study enforcement of property laws that the poor tend to violate in low and middle-income democracies. The core argument is that governments choose not to enforce laws, a behavior that I call *forbearance*, when it is in their electoral interest. I argue that two key factors help to shape enforcement patterns: First, the social policy context, and particularly, the targeting of government social expenditures; and second, the electoral geography, by which I mean the ways that class groups segregate across political districts and aggregate into national politics.

The first factor—the social policy context—shapes the weight that politicians place on the functional benefits of forbearance. While less tangible than the provision of homes or water pipes, governments provide a form of informal welfare when they forgo enforcement of laws that the poor tend to violate. The provision of informal welfare makes the poor more likely to support and organize around enforcement as a way to resolve their social demands. Public support and mobilization encourages politicians to forbear to boost local public welfare and signal their distributive commitments. State welfare provision that reaches the poor, in contrast, encourages politicians to enforce because it directly shifts voters’ demands to government programs and indirectly reduces the reputational costs of enforcement.

The second factor—electoral geography—sheds light on enforcement patterns in the absence of adequate state welfare provision. Where politicians cannot or will not provide for social demands through formal channels, enforcement choices turn on the poor’s electoral power. The way that electoral decentralization has occurred affects the concentration of poor voters and thus gives rise to predictable patterns of enforcement. Politicians who require the support of the poor to win office, such as those in homogeneous low-income districts, are more likely to forbear. In contrast, politicians who run for office in upper class or heterogeneous districts can exclude the poor from their winning coalition and are more likely to enforce. Voter demographics are very important in predicting where enforcement will occur, although politicians’ links to political parties, ideological beliefs, and competitive pressures also can affect whether they bow to their geographic constituents’ preferences.

Together, these propositions suggest that enforcement is malleable and contingent on political incentives, rather than a reflection of underlying levels of institutional capacity. State capacity still matters, but not in the way typically discussed. The state’s ability to resolve social welfare claims, or *distributive capacity*, constrains enforcement under democracy more forcefully than

budgets, police or bureaucrats. The contribution of this project is to demonstrate how distributive concerns limit enforcement, and how weak enforcement in turn reshapes redistributive politics.

This chapter proceeds in four parts. The first lays out the main questions. The second introduces the concept of forbearance. The third presents the theory. The fourth discusses the research design. The fifth provides the chapter overview and summarizes the contributions.

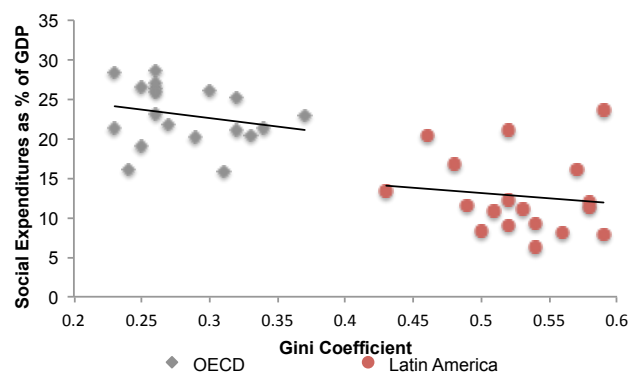
## **1 Dual Puzzles**

This project juxtaposes a puzzle about redistribution and a puzzle about enforcement. First, one of the great promises of democracy is a more egalitarian distribution of wealth. When the poor are given the franchise in unequal societies, they should “soak” the rich (Acemoglu and Robinson 2005; Lenski 1984; Lipset 1981). Yet even after two decades of stable democracy, Latin America remains one of the most unequal regions in the world and evidence that the poor want and are able to boost social spending is limited (Kaufman 2009).

Compared to advanced democracies, Latin American states spend less on social expenditures and, critically, less on the poor. Social expenditures average 13 percent of GDP in Latin America compared to 20 percent in OECD countries. On average, taxes and transfers reduce the Gini coefficient by 36 percent in Europe, but only by 10 percent in Latin America (Leiden Budget Incidence Fiscal Redistribution Database 2011). The extent to which social expenditures prioritize the poor in the region also varies widely. Government spending still leaves inequality basically unchanged in Colombia, Guatemala, and Peru, while it improves the income distribution by more than a fifth in Argentina, Brazil, and Uruguay (Lustig, Pessino, and Scott 2013).

The combination of high levels of inequality and low levels of redistribution in Latin America cuts against expectations. Workhorse political economy models predict that increases in pre-tax inequality lead the median voter to support more redistribution (Meltzer and Richard 1981;

Romer 1975). Scholars extend this intuition cross-nationally and expect higher levels of redistribution in unequal democracies. Empirically, however, redistribution seems least present in the unequal societies where it is most needed (Bénabou 1997; Iversen and Soskice 2009; Lindert 2004; Perotti 1996). Figure 1.1 highlights that higher levels of inequality in Latin America, operationalized by the Gini coefficient, are associated with lower levels of government social expenditures compared to the OECD. Moreover, there is little relationship between inequality and the extent of redistribution *within* Latin America.



**FIGURE 1.1. Inequality and Redistribution in the OECD and Latin America**

SOURCE: OECD Database and ECLAC (2012).

A focus on the urban informal sector sharpens the redistributive puzzle. Arguably one of the most important demographic trends in twentieth century Latin America has been the emergence of the urban informal sector, meaning workers who engage in licit activities without formal labor contracts or benefits. The transition from import-substitution industrialization (ISI) to open economies, combined with the debt crisis of the 1980s, led to an explosion of urban informality. By some estimates, the urban informal sector encompassed 45.9 percent of the region's workforce by the 1990s, and union density plummeted to around 10 percent in most countries (Portes and Hoffman 2003). Social policy, however, has been *truncated* because it often only covers those with steady formal sector employment (DeFerranti, Perry, and Ferreira 2004; Díaz-Cayeros and Magaloni

2009; Haggard and Kaufman 2008). Governments have made substantial progress in recent years to target transfers to the poor and extend major benefit programs. Nonetheless, progress has been uneven across country and policy area (Garay 2010; Gasparini and Lustig 2011; Pribble 2010, 2013a).

A large literature attempts to explain why welfare spending lags in unequal societies. Political economists point to several factors, from political competition in multi-dimensional policy space (De La O and Rodden 2008; Roemer 1998) to lobbying and campaign finance (Grossman and Helpman 2002; Karabarbounis 2011) and electoral rules (Iversen and Soskice 2006) that may limit the extent to which democracies actually redistribute resources. In the context of Latin America, the prevailing explanation ties low levels of redistribution to the political distortions caused by vast inequalities (Haggard and Kaufman 2008; Karl 2004; Robinson 2010) and fragmented workplaces that weaken labor power (Huber and Stephens 2011; Roberts 2002; Weyland 1996a). While inequality undoubtedly has political ramifications, explanations that focus on distortions in the political process assume that the poor would lobby for expansions in social spending if they had greater clout. Acemoglu and Robinson (2006), for instance, take income-based preferences over redistribution, which they then weight by each income group's influence, to model the political process. But the poor in Latin America do not necessarily demand or organize in favor of more state redistribution. They have offered erratic support for leftist candidates (Handlin 2007; Levitsky and Roberts 2011), and uneven support for state actions to reduce inequality (Blofield and Luna 2011; Kaufman 2009).

These facts raise a series of questions. How did Latin American states sustain “redistributive” policies that offered almost nothing to half the workforce for decades? How can they continue these practices under democracy? Why don't poor voters hold elected officials accountable, replacing them with new legislators and executives who will shift policy toward their

interests? Even if unable to secure better representation at the ballot box, why haven't urban informal sector workers used their proximity to seats of political power to mobilize and pressure for more inclusive social policy?

This project proposes a novel answer to these questions by highlighting the distinctive nature of Latin American welfare regimes.<sup>3</sup> My argument is that Latin American states distribute resources through forbearance, or more broadly through what I call *informal welfare policies*, to secure the support of poor voters. Reliance on forbearance creates feedback effects on attitudes, interest associations, and electoral competition that perpetuate the poor's exclusion from formal welfare policies. The poor lack incentives to lobby for formal legislative change in social policies when adjustments in the substantive effects of laws and the distribution of resources can be made informally. Forbearance also allows politicians to link to voters through the manipulation of laws, rather than the provision of public goods or the pursuit of policy reforms. By theorizing how informal welfare policies can "crowd out" formal substitutes and complement absent or truncated social expenditures, this project helps understand the limited progressivity of Latin America's welfare states. It also explains why class is a weak predictor of demands for redistribution, despite yawning income inequality.

A second core puzzle concerns the weak rule of law. Numerous scholars have noted the gap between written law and lived norms in Latin America (Fischer 2008; García Villegas 2009; Helmke and Levitsky 2006; Holston 2008; Weyland 2002). Guillermo O'Donnell (1999)'s pioneering work pointed out the vast "brown areas" in Latin America where the law is functionally and territorially

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<sup>3</sup> I follow Hacker (2002) in using the term "welfare regime" for the broad constellation of state actions that affect income shares and risks, while limiting a "welfare state" to government tax and transfer policies. "Social policy" and "welfare policy" refer to any government action that reallocates income or risks, and can include informal versions that provide functionally equivalent benefits outside of formal channels.

absent. However, O'Donnell offered little more than state weakness in the wake of debt crisis by way of explanation.

At the most basic level, the legal-security apparatus, or *coercive capacity*, of the state constrains enforcement. Theoretically, a state can deter and penalize all offenses with sufficient resources for police, judges, and bureaucrats. Yet few states have this fiscal luxury, particularly in low and middle-income countries. Centeno and Portes (2006), for instance, describe the relationship between those in violation of the law and the state as one of constant conflict; the state attempts to assert its authority, but cannot sufficiently deter citizens due to resource limitations. As Levitsky and Murillo (2009: 121) write, “A major cause of weak enforcement is limited state capacity to monitor and sanction.” This vision of enforcement bound by budget and personnel constraints also undergirds much of the classic work in economics on optimal enforcement levels (Becker 1968; Stigler 1970).

Beyond coercive capacity constraints, scholars point to the training and control of the bureaucracy, or *administrative capacity*, to explain weak enforcement. The fact that rules have to be applied and enforced, often by actors other than the designers, opens up space for change to occur in a rule's enactment. In particular, principal agent problems complicate enforcement. North (1990: 59), for instance, emphasizes: “Enforcement in Third World economies is uncertain not only because of ambiguity of legal doctrine (a measurement cost), but because of uncertainty with respect to the behavior of the [government] agent.” Bribes corrupt police and bureaucrats. Implementation thus lags because politicians cannot control the behavior of “street-level” bureaucrats (e.g. Cross 1998; Dimitrov 2009; Geddes 1994; Lipsky 1980; O'Brien and Li 1999). In this view, politicians prefer to enforce the law and bureaucrats undercut implementation.<sup>4</sup>

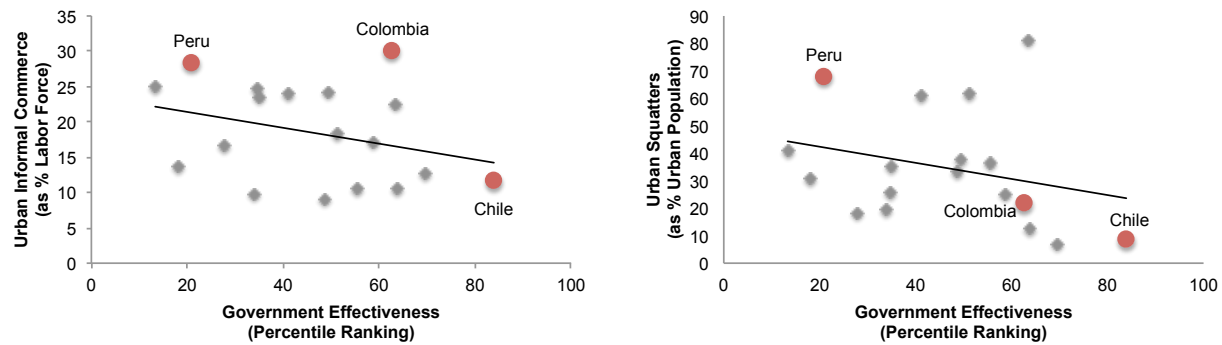
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<sup>4</sup> Combined, coercive and administrative capacity can be thought to constitute what Mann (1984) coined as the “infrastructural” power of the state, a concept that Soifer and vom Hau (2008) call to revive. Throughout, I use the term “state weakness” in the standard sense of deficits in coercive and administrative capacities that affect what the state possibly can do to enforce its laws.

Enforcement outcomes, however, do not coincide neatly with state strength. Consider, for instance, some of Latin America's variation in two common urban offenses, informal commerce and squatting. Figure 1.2 visualizes the puzzle. It plots a loose measure of administrative capacity, "government effectiveness," which is a composite measure of the quality of bureaucracy, infrastructure, and administrative training compiled by the World Bank's Governance Indicators, against urban informal employment and squatting. It is clear that Latin American governments vary widely in effectiveness, ranging from the bottom to top quintile of global rankings. As discussed further below, this study purposely focuses on three cases (shown in red) with maximum variation in administrative capacity: Peru, Colombia, and Chile. While more effective states do have lower levels of both offenses, government effectiveness explains less than 10 percent of the variation in offense levels. Other common proxies for state capacity—income tax collection, national income (GDP per capita), infrastructure coverage, and so on—show similarly broad variation and weak explanatory power. For example, despite similar levels of per capita income and poverty rates, roughly two-thirds of Peru's urban population live in squatter settlements, while less than one-third do in Colombia. Wealthy cities like Montevideo, Uruguay have tolerated important land invasions (Alvarez Rivadulla 2012), while far poorer capitals like Quito, Ecuador have prevented and expelled squatters (Dosh 2010).

More broadly, both state capacity approaches assume that governments attempt to enforce their regulations and fail, which begs the question of why laws go unenforced in otherwise effective states. Governments—and even military regimes (Bayat 1998; Collier 1976; Dorman 2007; Gilbert 2002; Kusnetzoff 1987)—allow legal violations to unfold even when resources and hierarchical administrative control exist. Santiago, Chile best illustrates the point. Despite a highly respected police force and ample resources, the city streets are peppered with more than 50,000 unlicensed street vendors.





**FIGURE 1.2. State Capacity as a Partial Explanation of Informal Commerce and Squatting**

SOURCE: Government effectiveness indicator from the World Bank (2009); Urban Informal Commerce from ECLAC (2007); Urban Squatter Populations from UN-Habitat (2005).

Rapid shifts in enforcement by administration similarly hint at the fact that state capacity, which often changes slowly, is a partial explanation of behavior at best. For instance, mayors in a number of capitals in the developing world evicted street vendors from city streets in the 1990s after decades of tolerance. Some cities then let the vendors return or expand, such as Caracas, Venezuela, Kampala, Uganda, Lusaka, Zambia, and Mexico City, Mexico, while others remained firm, such as Lima, Peru and Kigali, Rwanda.

Why do some governments tolerate the violation of the law, while others enforce it? Why do governments enforce against some offenses, but not others? By connecting the redistributive and enforcement puzzles, this study seeks to show their mutual resolution. Enforcement often has distributive consequences. Squatters gain rent-free housing if their takings succeed. Street vendors secure a way to earn a living when the government ignores their unlicensed stands. These distributive consequences can be powerful constraints on the behavior of elected officials, particularly under democracy and decentralized metropolitan governance. Attention to the ability of governments to resolve distributive demands and to the electoral dynamics, I argue, provides greater leverage to explain variation in enforcement across space, time, and sector than explanations rooted in coercive or administrative capacity alone.

## 2 The Concept

This project introduces a new concept, *forbearance*, to distinguish deliberate choices not to enforce state laws from garden-variety state weakness. In common parlance, forbearance describes a broad set of situations. It can imply a decision not to enforce a contract, debt, law or regulation. Here, I define forbearance as *intentional and revocable government leniency toward violations of the law*. There are three components to this definition—capacity, intention, and revocability—that I walk through in this section and use to distinguish related concepts in Figure 1.3.

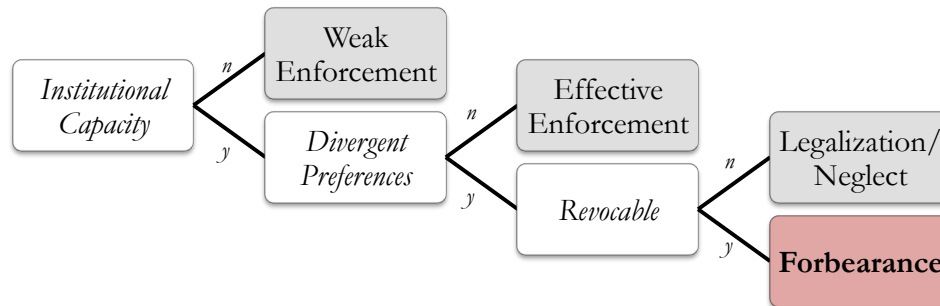
First, institutional capacity distinguishes forbearance from forms of weak enforcement in which actors cannot enforce the law. In states with scant personnel or budgets, the enforcement outcome is uniform. Forbearance only can occur when states plausibly muster the infrastructure to sanction offences.<sup>5</sup>

Second, and most critically, forbearance occurs when a political actor *chooses* not to enforce a law. In cases of forbearance, the capacity to enforce exists, but the intent to do so is absent. Enforcement preferences diverge between the actors who design and those who implement a law or policy. A contemporary example helps clarify the point. In 2012, President Barack Obama suspended the deportation of young illegal immigrants. Although immigration authorities have the budget and agents to deport youths, and the law unambiguously orders authorities to do so, the President has decided not to follow the letter of the law. The choice evidences a political preference to alter the law’s impact at the implementation stage or what critics decry as “backdoor legal reform” that circumvents the legislature.

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<sup>5</sup> As an empirical matter, the identification of state capacity is tricky because governments can withdraw state resources as a strategy not to implement a regulation, and can work with societal actors or businesses to bolster their internal capacity as well (Amengual 2013). I tackle this issue of how to separate capacity constraints in the empirical chapters.

A third core definitional element is that forbearance is revocable. The state reserves the right to enforce the law and offenders believe that the rules can carry a credible sanction. This insecurity differentiates forbearance from cases of amnesty, pardon or legalization. There, the state formally surrenders its enforcement rights. Revocable decisions, on the other hand, are open to revision and are more likely to be negotiated informally. Revocability is important because it permits a form of dependent exchange in which those who violate the law require a politician's continued benevolence. Amnesty or legalization can foment political gratitude, but benefits are not contingent on continued loyalty. Revocability also differentiates forbearance from alternative concepts of "benign neglect" or "standoffish" state behavior (Dorman 2007; Slater and Kim 2013), where states intentionally eschew administration of an area. Prolonged neglect means that states cannot easily reverse course and enforce at whim. In cases of forbearance, politicians gain leverage through the maintenance of information and procedures to change their enforcement decisions.



**FIGURE 1.3. Identifying Forbearance**

Forbearance also can be divided into subtypes based on its distributive effects.<sup>6</sup> I define the progressivity of forbearance as in the economic analysis of the effects of taxes and transfers.

*Progressive forbearance* occurs when lower tranches of the income distribution receive greater absolute or relative benefits through the tolerance of law breaking than upper tranches. Regressive

<sup>6</sup> Some types of forbearance do not have clear distributive consequences, such as choices about the enforcement of moral and religious regulations (laws against sodomy, burial restrictions, and so on), but they are not the focus of this project.

forbearance implies that upper tranches capture greater benefits. A benefit is defined as the net value of the offense to most individuals.<sup>7</sup> Some offenses, like copyright infringement, generate important economic gains and limited moral disutility. Other crimes, like allowing individuals to kill bankers or sell their organs, generate risks and ethical quandaries that dissipate the income gains for most individuals. Progressivity is clearest when property and regulatory violations are at stake, rather than “hard” crimes. This project focuses exclusively on cases of progressive forbearance due to their importance for the lives of the poor and relationship with welfare politics; here, I use the term forbearance as shorthand to refer exclusively to its progressive subtype.

There are two ways that a government impacts progressivity through its enforcement decisions. First, choices about *which laws* and regulations to enforce, or selective enforcement, have distributive consequences.<sup>8</sup> In this case, progressivity is measured by how the marginal utility of an offense changes with income. Forbearance must be directed toward laws that the poor tend to violate to progressively distribute resources. The criminalization of homelessness clarifies the point. Although facially neutral, vagrancy laws have a discriminatory impact on the poor, given that few wealthy individuals choose to sleep under bridges when they have a home at their disposal. Enforcement of laws that the wealthy tend to violate (“white collar” crime), like those against pure cocaine use, foreign tax shelters or insider trading, has the opposite distributive consequences.

Other laws can benefit all income groups if ignored. In these cases, progressivity depends on *which groups* are targeted for enforcement, or segmented enforcement. Consider the case of

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<sup>7</sup> While I focus on the benefits derived by the person violating the law, there can be ancillary distributive effects that benefit other class groups. For example, in the cases of domestic service or illegal immigration, the benefits to the worker who violates the law may be trumped by the economic benefits to employers who gain a cheaper workforce. In classifying types of forbearance, I follow the conventions in the analysis of social policies and consider the policy incidence. But in understanding the politics of forbearance, I do allow other class groups to benefit and separately consider the social welfare effects of the policy as a whole.

<sup>8</sup> O’Brien and Li (1999) use the term selective implementation for a similar concept.

enforcement against electricity theft. If a government does nothing to prevent electricity theft, then industries with high usage absorb the greatest absolute benefit. However, poor users may receive the maximum relative benefit given that they spend a greater share of their income on services and they are potentially judgment proof in the case of prosecution. Weak enforcement thus has mixed distributive effects: it is likely regressive in absolute terms, and progressive in relative terms. However, if regulators prosecute industrial users and ignore illegal users in poor neighborhoods, the result is solidly progressive.<sup>9</sup> The incidence depends not on the type of law, as with street vending prohibitions discussed in Chapter 4, but rather on how governments use their discretion in enforcement of a law, as with land use regulations examined in Chapter 3.

Forbearance can be extended to individuals or groups. This project focuses exclusively on forms of forbearance that cover a class or group. Collective forbearance raises the stakes in conceptually important ways. Enforcement decisions are more likely to be publicly observed when a group is affected. The reputational effects of enforcement thus ripple beyond those who violate the law. Collective violations of the law also shift the power dynamic. Groups raise the electoral costs of enforcement, as they represent a bloc of votes and can threaten collective action. As one mayor sums up, “If one squatter invades a piece of land, I call the police, but if one thousand squatters invade, I give a call to the president.”<sup>10</sup>

The mode through which forbearance is distributed can differ. Clientelism is often defined by individual-level quid pro quo protocol (Stokes et al. 2013). Consistent with this definition, forbearance can be provided in specific cases as a reward contingent on political loyalty (Chubb 1982). The quote ascribed to Brazilian President Gétúlio Vargas captures the sentiment: “For my friends, everything; for my enemies, the law.” When forbearance implicates groups of citizens, it

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<sup>9</sup> The inverse also can occur, as Golden and Min (2013) document in Uttar Pradesh, where authorities allow powerful farmers to use excess electricity prior to elections.

<sup>10</sup> Author interview with John Barrera, Mayor, District of Ancón, Lima, Peru, December 1, 2011.

becomes a club good. It also can be exchanged for a group's turnout or votes in which case the relationship still may be clientelistic.<sup>11</sup> Direct political exchange, cemented through personal or group reciprocity, can drive forbearance in some cases.

Crucially, however, forbearance is not a subtype of clientelism. Forbearance also can be extended in a programmatic manner. Minimalist definitions of programmatic policy center on the idea that disbursements are 1) made based on transparent criteria, regardless of whether a particular individual supported or opposed the politician or party that designed the policy, and 2) that the criteria of distribution are formalized (Kitschelt 2000: 850; Stokes et al. 2013: 7). Much like a programmatic policy, forbearance can be provided in a transparent way and independent of political loyalty. To continue with the immigration example, Obama instructed prosecutors to exercise their discretion to exempt all young immigrants, not to reward select followers in the Democratic Party. As we will see in the empirical chapters that follow, politicians often are open in their beliefs that certain laws should not be enforced when offenders are poor and direct their subordinates to follow these distributive criteria. While this position can be motivated by an instrumental desire to secure votes, it is a generalized position that applies to an entire class of individuals. Indeed, as I will discuss below, one of the main drivers of progressive forbearance is the need to signal broad distributive commitments. Despite public positions, forbearance is uniformly an informal policy in that it is unwritten and communicated outside of formal political channels. In this sense, it falls short of standard definitions of programmatic policy. As such, progressive forbearance constitutes an *informal welfare policy*.

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<sup>11</sup> How to treat group-based contingent exchanges is the matter of some disagreement in the literature. Some definitions of clientelism permit the distribution of club goods when the dyad is conceptualized as the groups exchanging their vote for benefits from a politician (*e.g.* Abente Brun and Diamond 2014; Kitschelt and Wilkinson 2007), while others require individual-level exchanges given a requirement to monitor vote choice (*e.g.* Stokes et al. 2013).

Progressive forbearance provides three functional benefits to state authorities that come in its level, timing, and targeting. First, forbearance can raise the level of social good provision. Because forbearance can be provided immediately by withholding state capacity, it can be a more credible social policy promise and result in immediate distributive improvements compared to the expansion of state welfare programs. Second, governments can manipulate the timing of forbearance as a form of social insurance. Developing countries struggle to execute counter-cyclical social policy because they have limited access to capital markets during tough times and popular demands limit the ability to save during booms (Wibbels 2006). Governments cut social expenditures when they are most needed in economic downturns. In contrast, forbearance operates off government ledgers and can be manipulated to counteract the business cycle. Similar dynamics can be observed at the local level: subnational politicians can turn to forbearance to absorb shocks to local economies or smooth citizens' income during national administrations that cut targeted social policies. Third, forbearance can target the poorest segments of the income distribution, while many social programs in Latin America favor middle-income formal sector workers. Penalties for law breaking often are proportional to income, which discourages the nonpoor from breaking the law.

Nonetheless, forbearance is an inefficient form of redistribution that results in material and abstract costs. Law breaking imposes public harms such as the deterioration or appropriation of public goods, insecure property rights, unfair competition, and so on. Widespread noncompliance can jeopardize a state's legitimacy and indicate an ineffective state. Forbearance also has negative consequences for citizenship regimes. As T.H. Marshall (2006[1949]) argues, social citizenship constitutes the core idea of a modern welfare state. Allowing the poor to enter into relationships of legal insecurity and criminality to secure basic goods is the opposite of a commitment to social solidarity embodied in state welfare policies. The manipulation of laws and regulations, while often

producing material benefits for the poor, segregates the poor from state institutions leading to what has been called a “poverty of rights” (Fischer 2008), the “unrule of law” (Holston 2008; O’Donnell 1999), and “legal apartheid” (De Soto and Ghersi 1989). The next section considers why forbearance arises and persists as an informal welfare policy, despite the fact that it imposes costs on both the state and society.

### **3 The Argument**

My core argument is that politicians choose not to enforce the law when it is in their electoral interest. I argue that the interaction of two variables—the social policy context and the urban electoral geography—accounts for the incidence of enforcement of laws that the poor violate. Forbearance is most likely to occur in the context of absent or truncated social policies that fail to meet the poor’s distributive demands. Where the poor are unable to compete for formal social policies whose supply is relatively fixed and targeted on more organized groups in the short term, forbearance emerges as an important policy complement to formal welfare provision. National decisions about formal welfare policies thus can leave subnational politicians with a distributive dilemma, meaning a situation when citizens’ demands for basic social goods far outpace their political supply. The structure of social policies also produces different heuristics for politicians to signal their distributive commitments to voters. When promises of formal forms of welfare provision are viewed as non-credible, forbearance can be a powerful signal of a politician’s commitment to the poor. The development of social policies that substitute for the poor’s demands allows politicians greater latitude to enforce because it shifts popular demands away from informal benefit provision and softens the association between enforcement and a politician’s distributive priorities.

Differences in the poor’s electoral clout in turn explain variation in *where* we observe forbearance. When the poor can back up their claims for basic goods with pivotal votes, local



politicians will forgo enforcement for this constituency. Conversely, in the absence of political leverage, the poor are left with few resources to prevent enforcement, particularly when the costs of their activities are visible or tied to other ills that concern middle-class groups. Electoral rules within cities produce different levels of political power for the poor, and thus variation in enforcement outcomes. Forbearance is most likely and systematic in politically decentralized cities where local districts concentrate lower class residents.

This electoral argument applies best to low and middle-income democracies with intermediate levels of institutional capacity. Although forbearance also occurs in authoritarian regimes, it is motivated by a quite different set of distributive pressures relating to regime stability and the need to maintain support among a smaller ruling faction. In democratic contexts of high institutional capacity, distributive politics is more likely to center on formal welfare policies. Moreover, manipulations of enforcement are harder, but not impossible, as bureaucracies become more professionalized. Forbearance also can occur in countries with limited institutional capacity, but its use is circumscribed to laws that are easy to enforce where politicians plausibly have real choices. The concluding chapter considers more thoroughly how the argument could be extended to other settings. I now walk through the two key pieces of the argument—social policy context and electoral geography—and derive several theoretical predictions that will guide the empirical chapters.

### *3.1 National Welfare Regimes*

To begin, I briefly outline the origins of truncated welfare states and the reasons why forbearance offered an attractive alternative for governments to incorporate the urban poor into politics. While multiple origin paths exist to give rise to widespread violations of the law by the poor, I argue that forbearance emerged in Latin America as a compromise strategy to distribute resources to the urban poor and complement truncated or underdeveloped welfare states. I then

argue that the distinct pattern of welfare state development has legacies for the poor's political behavior that persist and shape enforcement politics in the contemporary period.

In broad strokes, Latin American governments faced a social policy challenge in the post-World War II period. On the one hand, rapid urbanization increased social demands for housing, employment, and basic services in urban areas. On the other hand, coverage for “big ticket” social items like housing, pensions, and employment insurance requires upper class cooperation to raise taxes and expand redistribution. The wealthy wielded sufficient political power to block tax increases or collection, and prevented the proposal of universalistic welfare policies to meet growing social demands. States were constrained in their distributive capacity.

Many Latin American governments resolved this tension by developing truncated welfare states that offered generous benefits to a limited segment of the workforce. Social benefits to industrial workers, or truncated social policies, were used to secure labor cooperation as governments attempted to accelerate growth through ISI (Collier and Collier 1979, 2002; Haggard and Kaufman 2008; Wibbels 2013). The urban informal sector and rural sector received little from welfare programs, and paid for benefits through general taxes and inflation. Other countries, such as Peru, did not advance as far with ISI. With a smaller industrial labor force, they developed only skeletal welfare policies that spent little on citizens.

Forbearance helped sustain truncated and skeletal welfare policies because it offered parties a way to avoid distributional conflict and expand their political coalitions. To clarify, consider a stylized version of the interests of the Left and Right. The Left is defined as pursuing pro-poor policies through state channels. As Levitsky and Roberts (2011: 5) propose, “the Left refers to political actors who seek, as a *central programmatic objective*, to reduce social and economic inequalities.” Yet historically, the Left was thwarted to reduce inequalities through expansions of state tax and transfers. It also drew its core constituency from organized labor that opposed reallocations of

benefits to the informal sector poor. Therefore, the best way for the Left to assist the informal sector poor was through “hidden” forms of redistributive politics. Left-wing politicians expanded their political coalitions through the tolerance, and even explicit promotion, of law breaking. For example, Chile’s Socialist President Salvador Allende allowed land invasions to balloon because the government could not raise taxes or build sufficient social interest housing to meet popular demands (Portes and Walton 1976). Venezuela’s Democratic Alliance encouraged construction in the urban periphery after the restoration of democracy in 1958 with the explicit aim of building its political base among the urban poor at a time when expansions in formal welfare spending could have destabilized the fragile regime (Ray 1969).

Forbearance also garnered the support of the Right. The Right prioritizes the maintenance of existing distributions of income and a minimal state role in the redistribution of income (Luna and Kaltwasser Rovira 2013). For right-leaning politicians, forbearance offers a way to contain the social demands of the poor without expansions of the state bureaucracy or tax increases on the wealthy. The fact that forbearance is revocable makes it attractive to conservative politicians who may prefer to retract support when social demands ease. Historically, forbearance allowed the Right to expand its political coalition beyond the upper class. While the Left defended organized labor, the Right competed for the votes of the informal sector poor. Vote buying was one way to gain the poor’s support, but the provision of access to basic goods through forbearance offered another important route to secure the support of urban masses. Forbearance was most likely when the Right controlled the extent of forbearance and conservative politicians required the support of the urban informal sector to counter the Left’s political base among organized labor. Peru’s dictator, General Manuel Odría, for instance, embraced forbearance as a type of “self-help” aid to the poor that would expand his support in Lima’s burgeoning shantytowns (Collier 1976). Colombia’s dictator,

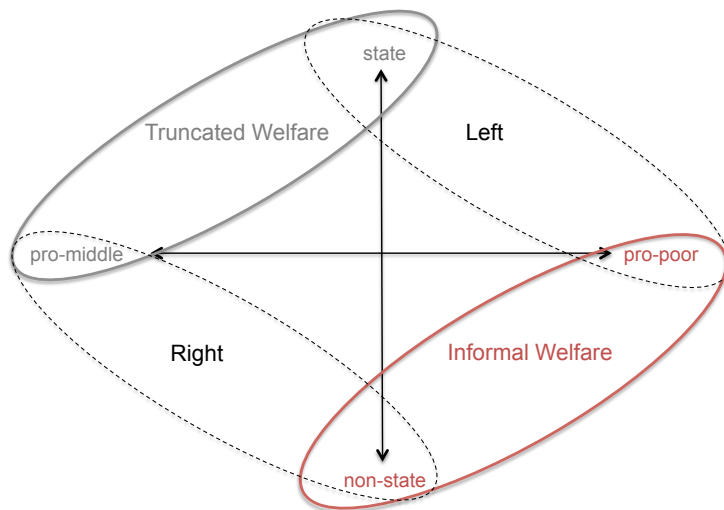
Gustavo Rojas Pinilla, almost displaced Colombia's traditional political parties from power by supporting the claims of informal sector workers (Dix 1979).

Admittedly, forbearance by right-leaning governments has been more erratic than support by the political Left. Enforcement occurs when the Right enjoys sufficient legitimacy among middle-class groups to ignore popular demands or when legal violations directly threaten elite interests. For example, General Augusto Pinochet enforced firmly against squatters and street vendors due to the association of these activities with revolutionary activism and his strong support among the middle class.

Figure 1.4 pictures the way that informal welfare appeals both to the political Left and Right and emerges as a complement to truncated welfare provision. While the Left ideal type prefers pro-poor spending through state channels, the constrained Left embraces forbearance for its pro-poor effects. The Right ideal type favors limited spending and state interference. However, the Right can support forbearance due to the low level of government involvement required to achieve stabilizing distributive outcomes. Unable or unwilling to incorporate the urban poor in state welfare programs, politicians across the aisle implicitly supported forbearance as the best response to demands for basic goods and services.

This brief historical account differs from most recent work on the growth of the informal sector in that it views political actors as taking deliberate enforcement stances to build their political coalitions and complement formal welfare state structures. Particularly after the debt crises of the 1980s, scholars have noted that "family based aid" plays a key role in Latin American welfare states (Barrientos 2004; Franzoni 2008). More broadly, it has been argued that informality cushions economic crisis and allows enterprising poor to improve their lot (Berger and Piore 1980; Centeno and Portes 2006; Loayza and Rigolini 2011; Perry 2007; De Soto and Ghersi 1989). However, the common view is that these social safety nets expanded either through the state's contraction and

decreased ability to regulate behavior, or through byzantine bureaucracies that prevented the poor from using formal property law systems. This study emphasizes that governments take deliberate choices to permit informal forms of redistribution. In doing so, I build on an older literature focused on squatter settlements that took seriously the political incentives of governments to encourage and tolerate their formation (Castells 1971; Collier 1976; Cornelius 1975; Dietz 1977, 1985; Leeds 1974; Perlman 1974; Ray 1969). But this literature largely viewed squatter settlements as a temporary phenomenon that surged with rapid urbanization in the post-World War II period, and focused on the clientelistic exploitation of squatter settlements. While clientelism remains important in some cases, this study shows how forbearance increasingly forms part of an informal welfare debate about what the state owes the poor in contexts where formal policies fail to guarantee basic social rights.



**FIGURE 1.4. Political Support for Informal Welfare Provision**

Forbearance has continued even as the pace of urban growth has slowed because social policies remain unable to meet the poor's distributive claims. Even with market reforms and democratization in the 1980s and 1990s, formal sector workers largely managed to protect their job

security and benefits due to their organization and alliances with labor-based political parties (Murillo and Schrank 2005; Wibbels 2013). Workers with protected, formal sector jobs also became a smaller segment of the labor force as temporary, subcontracted, and other precarious labor contracts have expanded. Recent reforms to include the urban poor in social policies in Latin America have occurred through welfare state expansions, not the redirection of spending away from unionized workers, and have proceeded unevenly across space and sector (Garay 2010; Huber and Stephens 2012; Pribble 2010; 2013a). In many cases, changes to the structure of social benefits have not encompassed extensions in major expenditures like housing or employment insurance.

The combination of forbearance for the poor and truncated (or minimal) welfare benefits for the middle class has long-term consequences for the structure of popular demands. My micro-level claim is that the poor prefer less enforcement against progressive offenses than the nonpoor. They poor also are more likely to support politicians who forbear. In part, attitudes vary by income because the poor are the expected material beneficiaries. Some poor individuals benefit directly if they engage in an offense. Others gain an indirect benefit of insurance against an income shock, or consumption benefits from cheaper goods. In contrast, the middle class suffers negative externalities from forbearance. They can experience direct losses, such as higher electricity prices or outages when politicians tolerate illegal electricity connections. They also lose access to public goods like sidewalks and conservation land that the poor appropriate for private use. Although the poor may share the loss of public goods, they also receive countervailing benefits that can outweigh the diffuse costs.

Material interests do not always lead the poor to favor forbearance and the nonpoor to oppose it. Prospects for mobility and differences in economic investments may lead to divergent material interests within the informal sector poor (Widner 1991). Or, a consumer-based perspective (Baker 2010) may suggest that individuals across the income spectrum benefit from lower prices on

goods produced informally. Unlike other distributive goods, given a budget constraint, forbearance also might actually increase the pool of resources available for spending on public goods that might gain middle-class support. For instance, the poor bear the costs of additional squatters who strain public resources and land. The middle class receives benefits, although often opaque, as governments maintain social stability and truncated housing programs by permitting the poor to build informally. Even in cases where material interests flip, however, my claim is that class preferences can emerge on group-based grounds.

Individuals tend to be more supportive of policies as the share of recipients from their own group rises because of instrumental expectations or social affinity. The poor are more likely to perceive politicians who forbear as more broadly representative of their interests. In other words, forbearance serves as a *distributive signal* of a politician's broader class commitments. This distributive signal also can stem from greater sympathy with those affected by enforcement. Preferences toward law enforcement in the abstract may differ little by class, but reactions to concrete situations within a community may depend on an individual's identification with the individuals affected. For example, Gibson (2008: 707) finds that South African blacks are more than twice as likely as whites to view the treatment of a specific squatter as unfair, even though beliefs about the rule of law in general differ little.

Flipping the logic, the middle class are more likely to interpret forbearance as a negative indication about the quality of government as a whole, and are less likely to identify with the poor's distributive claims. The middle class is likely to perceive politicians who enforce as more likely to serve their class interests. In this spirit, Weitz-Shapiro (2012) argues that middle class groups are more likely to punish politicians who use their discretion to manipulate policy. Hence, on average, poor voters should reward, and nonpoor voters should punish, politicians who rely on forbearance.

**Proposition 1.** Preferences toward informal welfare provision divide along class lines. The poor are more supportive of forbearance than the nonpoor, and expect politicians who forbear to support their distributive interests more generally.

This proposition diverges from findings about preferences toward formal redistribution in Latin America. The materialist model of redistributive preferences, as formalized by Romer (1975) and Meltzer and Richard (1981), assumes that the gap between the median voter's income and mean income determines individual support for redistribution. However, the relationship between income and redistributive preferences is fragile in Latin America. While some scholars find that demand for redistribution is higher among poor individuals (Gaviria 2008; Haggard, Kaufman, and Long 2013; Morgan and Kelly 2010), others find no correlation (Cramer and Kaufman 2011; Dion and Birchfield 2010; Kaufman 2009). Why, then, would material interests drive preferences toward enforcement and only unevenly toward redistribution?

This gap reflects differences in the economic progressivity of benefits provided through welfare state programs and forbearance. Truncated welfare states invert a central assumption of the comparative political economy literature—the “nonregressivity assumption” that the rich always lose from welfare policies, whereas the middle class does less well than the poor but better than the rich (Iversen and Soskice 2006). Even with social insurance expenditures, nonregressivity holds because lower income households face greater risk and pay less in taxes (Moene and Wallerstein 2001, 2003; Rehm, Hacker, and Schlesinger 2012). Indeed, advanced democracies substantially favor the poor in their tax and transfer policies (Mahler 2010; Milanovic 2000). The nonregressivity assumption is more tenuous in Latin America given that many countries continue to channel benefits to formal sector workers and middle-class groups. The urban poor face variable—and sometimes very weak material incentives—to support formal welfare expenditures. Thus, using a simple material interest model, the relationship between income and support for formal redistribution should be weak in Latin America, and particularly for social welfare policies like housing or employment insurance that



exclude the poor. In contrast, the urban poor can access the benefits of forbearance regardless of their labor market status. As defined above, forbearance offers progressive benefits because the middle class is unwilling to stomach the legal risks associated. It follows that the relationship between income and support for forbearance should be stronger and more uniform across country than that between income and social expenditures.

My second proposition is that the structure of formal welfare policies shapes demands for forbearance. I distinguish types of social policy by their relationship to forbearance. A social policy *substitute* decreases demand for forbearance toward a type of law breaking. For example, free state electricity provision to the poor reduces the need to tap electricity lines. Hence, it suppresses demand for forbearance toward electricity theft. Social policy *complements* have the opposite effect. The decision to provide electricity to the poor, for instance, may improve the quality of life in squatter settlements, attract more residents, and thus increase the demand for forbearance toward land invasions. Properties of substitution and complementarity therefore are defined with respect to the legal violation in question.

Minimal or truncated social policies are complementary to forbearance because they leave the poor's basic material demands unresolved. They "crowd in" forbearance by raising the value of the material goods provided. In addition, limited formal policies lead the poor to expect little from national authorities. Soifer (2013) documents, for instance, how the lack of state intervention in housing policy leads the poor to ignore national housing ministries and rely on their own means to build housing. My contention, however, is that the poor do not withdraw from the state writ large when social policies are ineffective. Instead, low expectations of national provision lead to a process of demand displacement in which local politicians who control enforcement receive strong pressure to meet social needs through informal means.

In contrast, the introduction of substitutive social policy can erode popular support for forbearance. Social policy investments can “crowd out” forbearance by directly resolving the poor’s material claims. They also change expectations about state provision. Formal welfare expenditures concentrate popular demands on state authorities, which reinforce the state’s role and incentives to expand formal provision. Individuals who believe that the state provides distributive options for the poor should be less supportive of forbearance toward those who violate the law.

The structure of interest associations shifts in a parallel fashion with the social policy context. The informal sector poor are often portrayed as politically disorganized. Characteristics of informality itself—heterogeneity of employment, geographic separation, and precarious income—are used to explain the informal sector’s limited class consciousness, fluid political allegiances, and inability to influence redistributive policy (Roberts 2002; Weyland 1996a). When the informal sector poor do organize, they mobilize around particularistic demands, or “segmented collectivism,” and fail to aggregate their claims into broad movements (Roberts 2002). Associations dissolve once local demands are fulfilled or clientelism co-opts members (R. B. Collier and Handlin 2009; Oxhorn 1995; Stokes 1995). The informal sector poor have failed to form broad political movements to change social policy with few exceptions (for instance, see Garay 2007, 2010).

Accounts that emphasize the informal sector’s lack of organization, however, overlook the ways in which the poor do act collectively. The poor often change policy at the enforcement stage. As Scott (1969: 1142) recognizes, “A large portion of individual demands, and even group demands, in developing national reach the political system, not before laws are passed, but rather at the enforcement stage.” Informal organizations of squatters, street vendors, and neighbors form to secure forbearance and formalize their concrete advantages. Because important welfare benefits are secured through the manipulation of enforcement, these informal benefits, rather than state social programs, galvanize action. While these demands are particularistic in the sense that they are

embedded in local contexts, they can cumulatively result in large-scale change in the distribution of goods and benefits and prompt policy reforms. With the increased constitutional recognition of social rights, collective action around forbearance even can be framed in terms of rights to basic welfare.

In contrast, substitutive policies shift social pressures and organizations in poor districts to expand spending, and in nonpoor districts to cut expenditures. The spectrum of political competition thus shifts away from enforcement toward classic redistributive politics. In other words, where social policies target the poor, citizens are more likely to demand and organize around formal goods provision.

**Proposition 2.** The absence or truncation of social policies displaces popular demands and organizing to forbearance from local politicians. Conversely, social policy substitution leads popular pressure and organizing to center on state welfare authorities.

Substitutive social policies directly reduce demands for informal welfare provision, but they also shift the political supply by changing how voters judge politicians who enforce. In the absence of substitutive social policies, forbearance can serve as a distributive signal about a politician's commitments to provide for the poor. A common fear of politicians was that they would be seen as "anti-poor" or "insensitive to the social costs" if they enforced without providing welfare alternatives. But, when politicians have both formal and informal distributive tools at their disposal, enforcement says less about a politician's class commitments. Rather, enforcement in the context of substitutive social policies demonstrates a commitment to formal solutions to improve the lives of the poor, or what I label a *legalism signal*. Consider, for instance, the reasoning of a mayor in Chile, where the state operates a massive housing program for the poor. He explained that it was not hard to evict squatters because they "were just trying to cut the queue" and that he would have been seen

as “uncommitted to the State’s solutions” if he allowed the poor to take land.<sup>12</sup> Through the reduction in material needs, displacement of popular demands, and attenuation of the signal conveyed about a politician’s distributive priorities, I expect:

**Proposition 3.** Politicians are more likely to enforce when in-kind social policy substitutes are available for the poor.

Of course, social policies have varying abilities to displace forbearance as a form of redistribution. In-kind transfers, such as the direct provision of housing or jobs, are the most effective policies because they reduce demand for forbearance, dissolve or reorient informal interest associations, and allow politicians to point to a direct alternative to illegal appropriations of the same good. Without housing or high-quality employment to offer constituents, enforcement against squatters or street vendors still signals a politician who is insensitive to the poor’s social demands. The most widely adopted social policy to assist the poor in recent years has been means-tested conditional cash transfers. Through a pure income effect, cash transfers can reduce demand for forbearance. For example, some low-income individuals may choose to rely on government subsidies, rather than work as street vendors, or to rent an apartment, rather than build a home in a squatter settlement. But cash transfers do not eliminate demand for the goods that can be accessed through forbearance, and may even make forbearance more valuable. Street vendors may use cash transfers as capital to buy a cart with which to sell products, or the poor may gain the income to buy materials to build homes in an informal settlements. Income-support also does not provide the means for local politicians to fulfill the poor’s specific social demands so they maintain strong incentives for forbearance.

Against this backdrop, are policies to legalize informal benefits effective at promoting enforcement? In large part inspired by the recommendations of Hernando De Soto (1989, 2000),

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<sup>12</sup> Author interview with Pedro Isla Fariás, Mayor, Municipality of San Ramón, Santiago, Chile, June 21, 2012.

governments in the developing world have promoted programs to provide land title to squatters and licenses to informal street vendors, transport, and businesses. On the one hand, formalization policies, particularly the provision of land title, can be political boons, as they increase legal security and allow politicians to proclaim their desire to fully recognize and incorporate the poor (Feierherd 2013; Gilbert 2002; King 2003). To the extent that informal interest associations form to protect their benefits, legalization policies fulfill their collective demands and demobilize informal associations. The reduction in interest group pressure confers on local governments greater latitude to enforce.

But on the other, the flaw is that legalization policies are retrospective solutions. The provision of property titles, formalization projects, and subsidies to improve informal housing or markets are *reactive social policies*. The poor only access these goods once they have violated the law. Reactive policies incentivize legal violations by showing that informal activities ultimately end with the official transfer or subsidization of a good. Legalization and licensing policies increase the long-term payoff of legal violations. They thus promote vicious cycles in which periods of forbearance end with legalization, which in turn encourages a new generation of law breaking on the expectation of eventual legalization when sufficient social demands accumulate. As I turn to next, in the absence of social policy substitutes, how forbearance occurs across space and time will depend on how electoral districts alter the poor's ability to influence the enforcement process.

### 3.2 *Urban Electoral Geography*

Assuming different class preferences, enforcement incentives will depend on the local electoral geography. Electoral geography refers jointly to the distribution of the population across space and the rules that divide the population into electoral districts. In the 1980s and 1990s, many developing countries implemented reforms to decentralize political power and reorganize

metropolitan governance. In the context of urban politics, political centralization refers to reforms that invest power in a single elected mayor. In large capital cities, these mayors may rival the president in popularity and name recognition. Political decentralization entails the creation of sub-city electoral districts and the division of power among local mayors, who tend to be less recognizable political figures.

I assume that a politician sets enforcement policy for her district and, as in classic distributive models, disregards any negative externalities imposed on other districts. The way that decentralization has occurred shapes the poor's electoral weight in a district and thus predicts systematic variation in enforcement.

My argument is that politicians are more likely to forbear in electoral districts dominated by poor voters via two distinct causal mechanisms. First, forbearance is an informal form of welfare provision that the poor value. Much literature on distributive politics focuses on how politicians allocate expenditures to improve their electoral prospects. However, decentralization often leaves subnational politicians with implementation authority, but little influence over the design of parchment law and limited resources to tailor social policies to local needs. Under such constraints, a mayor can expand the set of distributive goods that she can provide and use to target the poor by forgoing regulatory enforcement. The reverse also holds: the withdrawal of these benefits through enforcement carries a direct social cost, particularly when government programs offer no alternative means to address constituency needs. For instance, a mayor of a poor district in Santiago, Chile makes his electoral calculation in light of weak social alternatives clear:

“The police don’t obey me, they are autonomous. But they also don’t go do operations against the unlicensed vendors unless I ask them...The police know that the street markets are a way for the poor to make a living in Chile, and *all the fallout of operations hits the mayor because the poor will have no way to make a living and the [municipal] government can’t provide it.* We can’t do those types of repressive operations in a municipality with such high rates of unemployment.”<sup>13</sup>

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<sup>13</sup> Author interview with Pedro Isla Farías, Mayor, Municipality of San Ramón, Santiago, Chile, June 21, 2012.

Second, as argued above, forbearance can signal a politician's broader class commitments in the absence of formal welfare policies. Voters must decide on candidates based on observable characteristics, but they often lack informational cues like those provided by party labels in advanced democracies or ethnicity in some developing democracies (e.g. Bates 1982; Chandra 2004; Posner 2005). In local elections worldwide, partisan issues take the backseat to the personal problems of constituents and local management issues. In many local races in Latin America, candidates are differentiated by their class commitments, which can entail different stances toward legal norms. Ostiguy (2009), for instance, argues that the main candidate "types" in Latin American politics are distinguished by manners, dress, accent, and legal attitudes. "Low" types dispense with the "formalities" of law to achieve their objectives, while "high" types value the rule of law. Politicians in low-income districts risk their reputation for solidarity with the poor when they enforce. Conversely, as district income increases, politicians can emphasize their willingness to enforce and privilege the interests of middle class groups. Thus politicians may choose to signal enforcement or forbearance. The signal is clearer for enforcement, given that it requires the use of coercive force, and for incumbents who control actions. Forbearance is a subtler cue, but it can be conveyed through public statements and alliances with groups in violation of the law. To give a flavor for this signaling mechanism, consider the logic of a councilor in a poor district in Lima:

"Democracy creates more demands on the local governments because we are closer to the people and absorb the social problems. My support comes from the poor, so when there is a land invasion, I visit *to show my sympathy*. If you bring in the police, then it's clear to everyone that *the mayor does not really fight for the social needs of people* and isn't really looking for ways to help."<sup>14</sup>

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<sup>14</sup> Author interview with Erasmo Segundo Cardenas Obregon, Local Councilor, Municipality of Ate, Lima, Peru, November 23, 2011.

Consequently, politicians can form reasonable expectations about the electoral repercussions of enforcement from voter demographics. Incentives to boost local welfare and signal class commitments vary with the concentration of poor voters in a district. Political decentralization changes the distribution of class groups within electoral districts, and means that most variation in enforcement comes with district composition. In a largely middle or upper class district, the most viable electoral strategy is to enforce in line with nonpoor preferences, displacing offenses to poor districts. A political challenger gains little from deviating from this policy because there is no electoral constituency of poor voters to counterbalance middle-income interests. In districts that are overwhelmingly poor, politicians forbear and attract more offenders due to their lax enforcement policies.

**Proposition 4.** Enforcement decreases with the fraction of poor voters in an electoral district.

Even in majority poor districts, enforcement still can occur for two reasons. First, politicians can enforce as a way to raise the value of forbearance. A defining feature of forbearance is that it is revocable. Occasional crackdowns, threats, or fines can guarantee that the beneficiaries of forbearance remain aware of their precarious position. Second, past periods of forbearance can reduce social sympathy among poor voters for those who violate the law and reduce the political costs of enforcement. This can occur because weak enforcement encourages more individuals to engage in the illegal activity and thus grows the associated nuisances, which can reduce support even among poor residents that often are sympathetic to forbearance. Additionally, forbearance allows those who violate the law to accumulate wealth. Past beneficiaries can become “parasitic actors” (Onoma 2009) who exploit newcomers who hope to engage in the informal activity, and thus reduce the insurance benefits of forbearance to poor voters. Politicians are less likely to be perceived as anti-poor if they credibly can claim that offenders do not need to violate the law due to their income, and that forbearance actually leads to the exploitation of the most vulnerable. Thus, my



basic claim is that enforcement will be less common in districts with larger concentrations of poor voters. But past forbearance can reduce the electoral costs of enforcement even in poor districts and lead to enforcement.

Of course, authorities have significant leeway in which policies to pursue. Elections, and particularly competitive ones, can be a powerful inducement to implement policies in line with voters' preferences. A long tradition of research views elected leaders as more responsive to the needs of citizens than autocratic leaders or appointed officials who do not face direct competitive pressures. Similarly, local politicians should be more responsive to divergent enforcement preferences across districts compared to appointed officials.

In addition, the extent of local competition may matter. V.O. Key (1949) famously argues that more intense political competition within democracies induces parties to cater to the needs of the poor. However, evidence that higher levels of competition promote pro-poor policies or electoral accountability is mixed. Weitz-Shapiro (2012) suggests that the effect of competition is contingent on voter demographics when preferences over a political behavior vary by class. Drawing on this intuition, the votes at risk because of enforcement in poor districts should be less determinative of behavior when politicians enjoy greater office security. In the words of a local mayor, "If you stay in politics long enough, you can become bold because you don't need the vendors anymore, you don't have to count each vote, and you don't fear using force to accomplish something big."<sup>15</sup> I therefore predict:

**Proposition 5.** District demographics are less relevant for enforcement in cities that do not elect district mayors or districts with low levels of competition.

Politicians also can have ideological or strategic interests that lead policies to diverge from the median voter's preference. Much as social democratic parties expand the welfare state,

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<sup>15</sup> Author interview with Alberto Sánchez Aizcorbe, Mayor, District of La Victoria, Lima, Peru, June 15, 2011.

politicians who represent poor core constituencies are more likely to promote forbearance to lift local welfare informally and signal their class commitments to the poor. Even without firm ideological beliefs, there is a debate over how much weight politicians place on the interests of their core electorate versus swing voters (Cox and McCubbins 1986; Dixit and Londregan 1996; Lindbeck and Weibull 1987). As Cox (2009) argues, the core voter hypothesis is strengthened where politicians must mobilize voters. Low turnout is common in subnational elections so politicians induce their strongest supporters to go to the polls. Even in the case of compulsory voting, politicians may focus on core constituencies to rally turnout for campaign events or to guarantee that past supporters do not become swing voters in the next period (Cayeros, Estévez, and Magaloni 2013). Because enforcement by politicians with poor constituents risks having poor voters stay home or swing to an opponent, I expect:

**Proposition 6.** Politicians with poor core constituents enforce less than those who draw their support from the nonpoor, all else equal.

I emphasize a politician's core constituency, rather than political ideology, for empirical and theoretical reasons. For one, while the representation of class groups is taken as synonymous with political ideology in advanced democracies, these are not equivalent in much of the developing world. Labor-based leftist parties long drew their core support from middle class voters. Popular Right parties have pursued segmented strategies to build coalitions of poor and wealthy voters (Luna 2010) or "neopopulist" appeals to the informal sector by railing against organized labor (Roberts 1995; Weyland 1996b). Moreover, particularly in subnational politics, partisan labels can be orthogonal to any recognizable ideological spectrum (Luna 2006; Oliver, Ha, and Callen 2012).

Forbearance also fits uncomfortably with traditional Left-Right ideological distinctions. Even if we assume a Left united to help the poorest in society, disagreement exists on *how* to distribute resources. Two main strands of thought emerge. A materialist Left considers the economic rights claims of the poor to trump other concerns. Forbearance is justified because it

allows the poor to fulfill their basic needs where the state fails. A post-materialist Left seeks to advance a broader conception of social equality. In this light, it sees forbearance as a threat to social citizenship. Forbearance creates a dual structure in which the poor access basic goods through illegal means that stigmatize them and harm collective rights. While a post-materialist Left defends the poor's long-term interests, it often alienates poor voters, particularly through its enforcement activities. Materialist claims resonate among the poor; post-materialist platforms attract the middle class. A broad label betrays different visions about how to help the poor that are captured in the class composition of their constituencies.

On the Right, tensions also arise between a libertarian and a liberal Right. The libertarian position, best articulated by De Soto, underlines the corrosive impact of state regulations on development. Forbearance allows the poor economic freedom to advance where political insiders capture policymaking. In contrast, the liberal position emphasizes the rule of law as the cornerstone of economic growth and promotes even enforcement. The libertarian approach resonates among the poor, particularly when it has involved the provision of land titles and tolerance of informal activities. In contrast, the liberal position, when enforcement is directed at progressive offenses (rather than hard crime) gains stronger support among the middle class. Hence, an electoral account based on a politician's class constituency allows for vote-maximizing politicians with vapid ideological positions and provides shorthand for these more nuanced ideological views, which I explore in greater detail in the empirical cases.

At a more general level, this study assumes that politicians formulate enforcement policies to win the local elections at hand. Electoral victory is paramount, and other motives like ideology and competing career ambitions are taken as secondary. But politicians also seek office in order to implement policies that they believe to be in the public interest. In particular, many city politicians have ambitions to rise to national offices (and often the presidency) that require different electoral

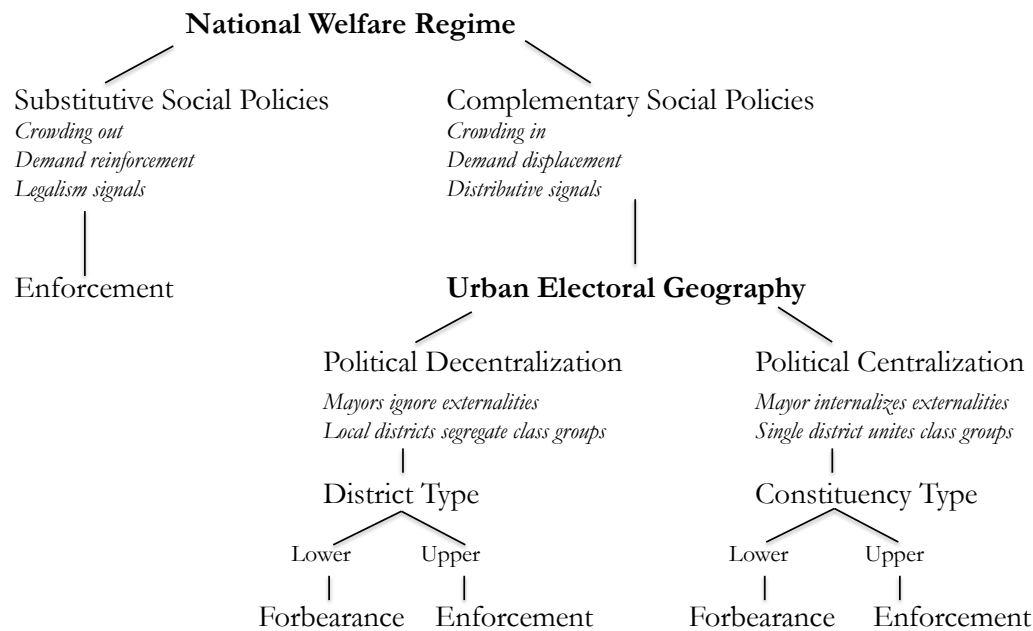
strategies. On average, politicians likely hew to the preferences of the district where they run for office. But, when ideological beliefs or national office-seeking ambitions lead politicians to deviate from their constituents' preferences, enforcement still results in electoral consequences. My empirical expectation is that politicians will lose votes among the urban poor if they enforce in the absence of social policy substitutes.

Synthesizing, this project's main interest lies in explaining why some local governments enforce against legal violations, and others continue to tolerate these activities. I propose that *national* social policy regimes bear on these outcomes by influencing the local electoral costs of enforcement. Substitutive social policies like housing and employment programs increase the probability that politicians will enforce the law. Social policies directly "crowd out" the poor's distributive demand, but just as importantly, they reinforce the state as the authority responsible for social provision and allow politicians to present themselves as defending the poor's interests by supporting formal welfare programs even when they enforce. Conversely, the absence or truncation of social policy leaves local politicians with a distributive dilemma: they have no way to meet the poor's basic material demands. Popular pressure and organizing to offer informal welfare benefits encourage politicians to forbear, while the strong association between enforcement and anti-poor distributive positions elevates the electoral risks of enforcement.

The second piece of the argument is attuned to the local dynamics of enforcement. The way that urban decentralization has occurred impacts the poor's electoral clout at the local level. Political decentralization makes local mayors disregard the negative externalities of their enforcement choices on other districts. It also increases the electoral incentives to forbear in districts where the poor are geographically concentrated and thus pivotal votes. Meanwhile, urban political centralization means that mayors internalize all the negative externalities of their enforcement choices. Mayors will be

more likely to forbear when they represent poor constituents for ideological or strategic reasons.

Figure 1.5 presents a visual summary of the argument.



**FIGURE 1.5. The Argument Summarized**

#### 4 Research Design

The strength of this project's research design lies in its integration. The theoretical predictions intentionally implicate multiple levels of government and actors, including the attitudes and organizations of citizens, national welfare agencies, subnational politicians, and bureaucrats. The triangulation between diverse forms of evidence increases my confidence in the theory.

While I briefly have discussed the origins of national welfare states, this study revolves around a comparative analysis of enforcement politics in three Latin American capital cities—Santiago, Chile, Bogotá, Colombia, and Lima, Peru—and two types of legal violations—unlicensed street vending and illegal land occupations. I begin the study with the reintroduction of direct mayoral elections in each city and continue through the contemporary period (roughly 1990-2010). This section justifies the focus on city politics, and then explains the case selection and data sources.

#### 4.1 *Comparative Urban Politics*

This research speaks to broad debates on social policy and welfare state development, but focuses on comparative urban politics. A focus on cities and their districts harnesses the advantages of subnational analysis, namely the ability to expand the number of observations by “scaling down” to lower level units of government and to code cases more accurately through attention to local dynamics (Snyder 2001). However, it also exploits the advantage of cross-national case studies, primarily the ability to vary features of the electoral and policy context that differ only at the national level. Subnational studies that look only within a nation have a greater challenge in distinguishing how national structures impact subnational political behavior. Rather than hold the national context constant, this study uses a cross-capital city design to understand how similarly situated actors behave given different electoral rules and welfare regimes.

I focus on capital cities for purposes of comparability and institutional strength. The primate structure of many countries means that capital cities are often far more similar to each other than to secondary city counterparts. Another reason to study cities, and particularly political capitals, is precisely for the “urban bias” in politics and state strength. Capital cities tend to absorb disproportionate resources, access to government, and media attention. State power fades outside the capital in many low and middle-income countries. Cities therefore allow us to consider why non-enforcement occurs even in places that are most prone to have the money, bureaucracy, and media markets to make law effective. Capacity constraints grow, and make it harder to disentangle forbearance from inept institutions, outside the capital. Cities also merit special attention due to their practical importance. Latin America is 75 percent urban, and set to grow to 85 percent by 2030 (UN-Habitat 2005). The governance of metropolitan areas has a huge impact on the quality of democracy and life for the vast majority of citizens.

The primary period of study begins with the introduction of direct elections for city government. Prior to the 1990s, Latin American mayors tended to be appointees of civilian and military rulers. Elections for city mayors create a new set of actors with specifically urban interests and electorates. More so than appointed predecessors, elected capital city mayors broker demands between those who reside in the capital city, as well as national leaders, political parties, and interest groups (Dietz and Myers 2002). Of the cases studied here, Colombia introduced direct election of mayors in 1988 for the first time in over a century. Peru and Chile reintroduced local government elections in 1981 and 1992, respectively. In focusing on the democratic period, I do not deny that forbearance occurred under authoritarian regimes. But enforcement in authoritarian contexts and prior to urban electoral politics may have distinct dynamics: broadly put, enforcement politics is more likely to reflect national concerns, such as social stability, internal security threats, urban-rural migration patterns, and regime legitimacy. The determinants of enforcement and social policy shift under electoral democracy, and differences in the structure of elections allow for a probe of the connections between popular demands, electoral politics, and enforcement.

Cities provide an ideal laboratory to understand electoral geography, meaning the joint geographic distribution of voters and electoral rules. Latin America is one of the most unequal regions in the world and vast income inequality translates into spatial segregation. Most sub-city districts group together a single class group. Lower-class groups occupy peripheral areas, and upper-class groups cluster in one area of the city, generally with an apex in the historical center that expands outward to some suburban developments. Poorer neighborhoods tend to be more uniformly poor than high-income areas (Sabatini 2003). From a theoretical perspective, spatial segregation provides useful variation in constituency composition and thus demands on local governments.

## 4.2 City Case Selection

Primarily, the theory is illustrated through an analysis of three capital cities and two sectors. The design permits three types of comparisons: 1) *within city* comparisons of variation across space and time, 2) *across city* comparisons within sector, and 3) *across sector* comparisons within city.

I selected city cases with two purposes. First, given a dominant alternative explanation of enforcement patterns focused on institutional strength, I looked for “critical” cases (Bennett and Elman 2006; Eckstein 1975; Gerring 2007) for qualitative analysis. I strategically chose the case with the highest state capacity in the region (the “least likely” case), Chile. From a folk Bayesian perspective, the intuition is that evidence from a case unlikely to be consistent with a theory’s predictions—namely, non-enforcement in a strong state—provides greater confidence in the validity of the theory. I then chose two cases with weak institutions, Colombia and Peru. Despite similar income levels, Peru has a much less effective bureaucracy than Colombia. In particular, Peru is known for high levels of local government corruption (AmericasBarometer 2010). Citizens share these perceptions: Chileans and Colombians tend to believe that the state can enforce all laws, while Peruvians doubt the state’s ability to enforce any laws.<sup>16</sup> Observations of enforcement in Lima, in particular, thus also cut against theories based on institutional strength.

Second, these cities are chosen to provide variation on the principal independent variables, namely electoral structure and social policy context. Table 1.1 highlights some of the relevant features of the city cases. Many cities struggle to manage legal violations by the poor; I selected these three cities in part because they have different electoral structures for exogenous reasons. The

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<sup>16</sup> Latinobarometer 2005, Question P76ST asks citizens “On a scale from 1 to 10 where 1 means the state is unable to enforce any laws, and 10 means that the state is able to enforce all laws, where do you locate the state?” Peru has a mean of 4.2, among the lowest in the region (along with Paraguay and Ecuador), while Colombia and Chile have a mean of 5.8 and 6.2, respectively, which falls among the highest in the region (along with Uruguay and Costa Rica).



return of democracy led to a push for local participatory institutions across Latin America. Each city selected consists of sub-units, which I uniformly call districts. But, the cities vary in whether they hold elections at the district level. The degree of urban decentralization pursued depended in part on political calculations about the desirability of strong city mayors (Dietz and Myers 2002).

**TABLE 1.1. City Case Selection**

	<b>Bogotá</b>	<b>Lima</b>	<b>Santiago</b>
<i>Principal Independent Variables</i>			
Social policy context	truncated	skeletal	substitutive
Electoral structure	centralized	hybrid	decentralized
Housing expenditures as % GDP	0.25	0.04	0.7
Social expenditures per capita	\$277	\$162	\$604
Social expenditures as % GDP	10.8	7.8	13.4
Number of electoral districts	1	43	36
<i>Competing Independent Variables</i>			
State capacity	medium	low	high
Police structure	centralized	decentralized	centralized
Government effectiveness	62.6	20.9	83.9
% citizens who pay bribes	6.3	18.2	4.8
<i>Controls</i>			
Population (millions)	8.8	9.4	7.2
Urban population as % total	76.0	75.9	86.6
Poverty rate ( $\approx$ 1990)	37.6	33.6	32.1
Poverty rate (2010)	13.2	19.1	8.1

SOURCES: Housing expenditure data come from national housing reports. Social expenditure, population, and poverty data from ECLAC. Government expenditures are calculated as the average from 1990-2010. Government effectiveness from the World Bank. Citizens' reports of paying bribes come from AmericasBarometer2010 and are calculated per bureaucratic transaction.

Santiago is a highly politically decentralized city. The military regime initiated decentralization as an antidote to party politics and devolved financial and administrative powers to the district level (Siavelis, Valenzuela Van Trek, and Martelli 2002). Each of 34 districts (*comunas*) elects a local mayor, but no mayor exists for the whole city. Many institutions remain centralized at the national level, including, most importantly for this project, the National Police (*Carabineros*), which is under the command of the Interior Ministry. Although the police have autonomy to

conduct enforcement operations on their own initiative, they rarely do so. The informal norm is that police act on the request of the local mayor.

Bogotá, in contrast, is a politically centralized city. Citizens elect a city mayor who appoints local administrators in each of 20 districts (*localidades*). Metropolitan centralization has extended the country's tradition of strong (although previously appointed) mayors. The country introduced popular election of mayors in 1988 as a way to bolster armed actors' allegiances to the state (Eaton 2004) and appease conservative and regional politicians who expected to gain mayoral seats (Falleti 2010; O'Neill 2005). As in Santiago, the National Police controls enforcement operations. However, unlike Santiago, the city mayor controls the police force by law.

Finally, Lima has a hybrid political structure. All 43 districts (*distritos*) elect local mayors, but residents also elect a city mayor. While a prominent figure, the city mayor has far weaker formal powers than in Bogotá. Fujimori, in particular, strengthened district governments to undercut political rivals among Lima's city mayors (Dickovick 2006). Among their many functions, district mayors manage their own police forces that can control many regulatory infractions. These cities thus make it possible to examine both the role of political decentralization and administrative decentralization in enforcement.

To make more concrete the role that electoral structure plays in spatially segregated cities, Figure 1.6 caricatures the distinctions referred to in the argument, urban political decentralization and urban political centralization. The underlying maps show the class stratifications at the block level, using the city of Bogotá as an example. Colombia uses a standardized census to measure socioeconomic class and divides the population into six strata ranging from "1," the lowest, to "6," the highest. Strata 1 and 2 can be thought of as the lower class.<sup>17</sup> The lower class earns below the

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<sup>17</sup> Class groups in many Latin American cities, including Lima and Santiago, are ranked alphabetically with a similar logic, where "A" is the highest class and "E" is the lowest class. Classes "D" and "E" can be thought of as the urban poor or lower class.

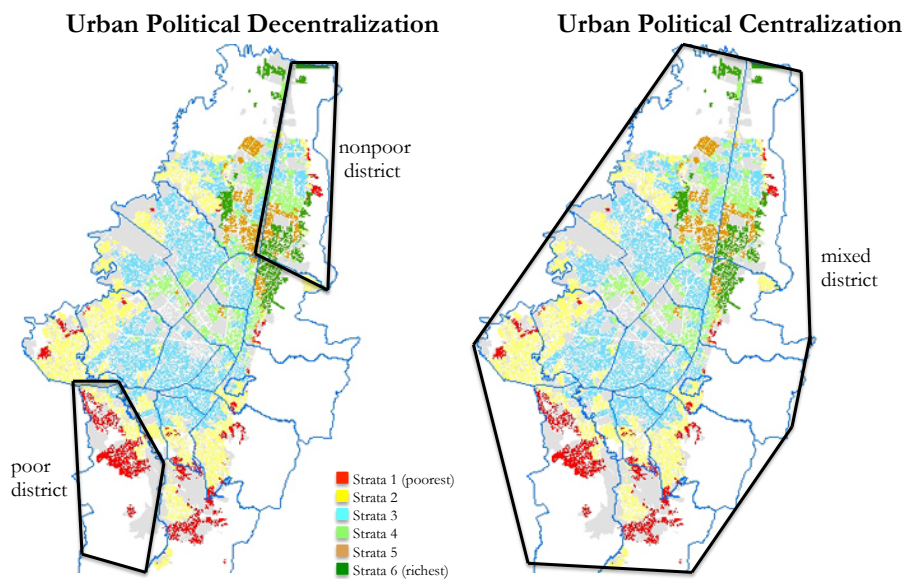
country's established monthly minimum wage; it makes up roughly 40 percent of the population in most Latin American cities. More than 70 percent of the lower class works in the informal sector and an even higher fraction rotate in and out of informal employment (Perry 2007). Given this high correlation, I refer interchangeably to the urban poor, the informal sector poor, and the lower class in this study.

The map on the left depicts how political decentralization cordons off homogeneous class districts. The city is divided into many electoral districts, as would have been the case in a counterfactual scenario in which Bogotá pursued electoral decentralization. I marked one hypothetical poor district at the bottom of the map in which 95 percent of residents belong to lower-class groups. Throughout this study, "poor districts" refer to sub-city units composed of more than 50 percent lower-class residents. At the top of the map, I depicted a nonpoor district in which residents belong primarily to the upper class (defined as strata 4 and above). There are small pockets of poverty, but the lower class makes up less than 5 percent of the district. What should be clear is that the median voter in these two sub-city districts will be different. For a district mayor to win office in a poor district, like the hypothetical one pictured, she must win the support of the lower class; the converse holds in a nonpoor district.

The map on the right, in contrast, shows a politically centralized city. The entire city constitutes a single electoral district, as is the case in reality in Bogotá. The dominant color is light blue, which corresponds to the lower-middle class (strata 3). Mayors can win office with a poor core constituency, uniting lower and lower-middle class groups, or a nonpoor core constituency, uniting the lower-middle and middle class. Valence appeals to all citizens also are possible.

The virtue of this map exercise is that it shows how electoral rules shape the votes at stake from enforcement, and therefore lead to very different predicted levels of enforcement under my theory. Selecting cities that vary in their electoral rules for exogenous reasons affects the poor's

political power in a given electoral race and allows me to test my predictions about spatial and temporal patterns of enforcement.



**FIGURE 1.6. The Impact of Electoral Structure on District Composition**

SOURCE: Bogotá District Planning Secretary (*Secretaría Distrital de Planeación*, SDP), 2013.

In all cities, I focus on the role of mayors, given that they determine enforcement. Each city also elects local councilors and, in the case of Bogotá and Lima, city councilors (which are variably called *ediles* or *concejales*). Councilors formally “oversee” government actions, and sometimes pass local ordinances and regulations. Informally, councilors play a key role aggregating vote blocs for higher-level politicians and channeling complaints to politicians. Councilors serve as a conduit for popular pressures to reach executives, but they do not make enforcement decisions.

These capitals also are situated in countries with divergent welfare policies, but roughly similar challenges at the beginning of the period analyzed. Peru continues to have one of the smallest and least progressive welfare states in the region. Social expenditures have been under 10 percent of GDP for the past two decades. Housing expenditures are low, and even lower when it is taken into account that the majority of the housing budget goes to land titling and registration programs. Chile has a more targeted welfare state that spends heavily on housing and on poverty

relief.<sup>18</sup> Colombia falls in between. Historically, it has dedicated substantial resources to housing policy, although it has been less effective at targeting housing resources to the poor than Chile.

While the inclusion of Santiago may raise alarms about case comparability due to Chile's higher level of development, it is important to note that the city faced similar challenges at the start of the period examined. The urban poverty rate in Santiago was 32.1 percent at the democratic transition, which was similar to the urban poverty rate for Bogotá in the mid-1990s (when uniform data come available). Plus, Chile has among the highest levels of income inequality in the region, which makes its treatment of the poor a relevant political question.

The cities also all constitute medium-sized capitals of fewer than ten million inhabitants in unitary political systems. Roughly similar populations alleviate concerns of different governance challenges that may arise in megacities or provincial capitals. I also chose all unitary political systems to minimize variation in state capacity across space due to federalism.

#### 4.3 *Sectoral Case Selection*

Within each city, I analyze two types of violations: illegal land occupations and unlicensed street vending. I use the terms “squatting,” “illegal land occupation,” and “informal settlements” interchangeably to refer both to physical takings, where the poor occupy land with no property rights claim, and regulatory takings (illegal or informal subdivisions), where the poor pay reduced prices for an incomplete property right to land owned by others or inappropriate for housing development.<sup>19</sup> While lumping these categories together glosses over some important distinctions, I

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<sup>18</sup> Official housing statistics sharply underestimate Chile's expenditures because many housing subsidies technically count as social security assistance (Bouillon 2012).

<sup>19</sup> For brevity's sake, I refer to the people who occupy land illegally as “squatters,” and collectively refer to the neighborhoods created as “informal” or “squatter settlements.” Many individuals who purchase illegal land recoil at the idea that they have deliberately taken something that belongs to another person as often conveyed by the term squatting. In this sense, the more technical distinction is that they are not “invaders” (*invasores*) or, in the legal terminology, they are not engaged in land “usurpation” (*usupadores del terreno*). However, it is clear that the poor understand that they

coincide with other scholars (*e.g.* Caldeira 2000; Camargo and Hurtado 2011; Gilbert and Ward 1985; Gilbert 1981; Holston 2008)—as well as state officials—in thinking of both activities as a single category of property law violations. Most important to this project, both types of property law violations allow the poor to access land at far below market prices but leave them vulnerable to eviction.

Street vendors form part of the broader concept of the informal economy. The most common definition of the informal economy is as a process of income generation that “is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated” (Portes, Castells, and Benton 1989: 12). Street vending involves commercial activities that otherwise are subject to health, safety, tax, and property regulations and therefore forms part of the informal economy. Street vending differs from other forms of informal economic activity in that it involves a property law violation, much like squatting. Rather than appropriate land for housing purposes, vendors monopolize public space for private commercial use.

I selected these violations because they allow for variation on my principal independent variables, as summarized in Table 1.2. Illegal land occupations have a clear social policy substitute, housing policy, but the nature of housing policy varies by country case. Street vending has less clear social policy substitutes because job prospects are shaped by a host of macroeconomic and labor market policy choices. Unemployment insurance and job creation programs are the most direct substitutes; both are uniformly minimal in my cases.

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lack full property rights over land. For instance, the poor who purchase land through intermediaries almost always have their physical possession of the land validated by the police (*constancia de posesión*). A purchaser would be unlikely to call the police to validate possession if she believed that she had valid, notarized title to the land. Terms to refer to the neighborhoods that illegal land occupants form have varied widely across time period and country, and therefore I just use informal settlements as a shorthand.

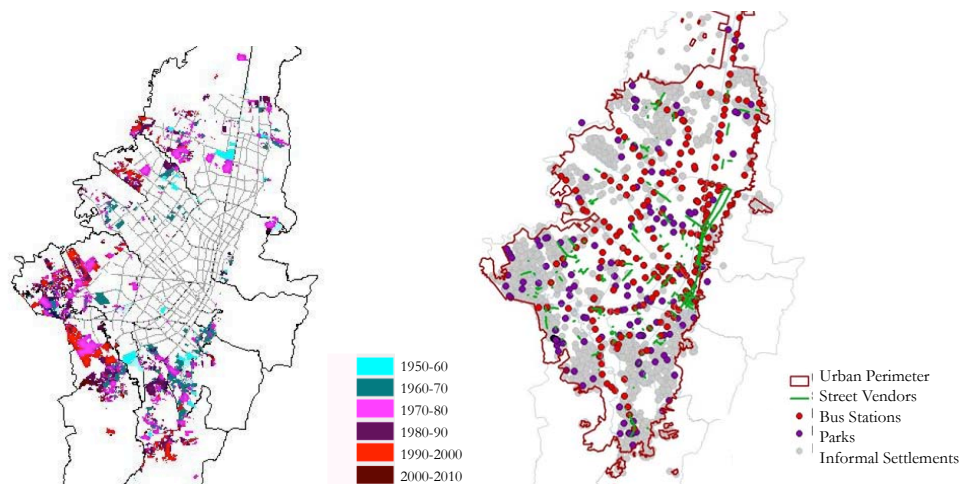
These violations also are selected because they vary in their geography. Land is immobile and illegal land occupations occur in the urban periphery of cities, out of sight of middle-class constituencies. This fact means that enforcement occurs in the same areas where politicians get elected, and that residents cannot easily relocate depending on enforcement policies. Moreover, most land occupations occur in poor or unoccupied districts on the urban periphery, which means that there is little variation in the *type* of district that faces enforcement policy questions.

**TABLE 1.2. Sector Case Selection**

	<b>Squatting</b>	<b>Street Vending</b>
<i>Social policy</i>	<i>Variation by country</i> Housing policy	<i>Constant</i> Unemployment insurance Job creation programs
<i>Geography</i>	<i>Constant</i> Only occurs in poor districts	<i>Variation by city</i> Occurs across types of districts

To make this point about geography more concrete, I return to the example of Bogotá. The map on the left of Figure 1.7 shows the pattern of illegal land occupations since 1950. What stands out is that informal land occupations concentrate on the urban periphery, and they have moved further out toward the city limits with time. This centrifugal pattern is consistent across my city cases and the most common pattern of squatting.<sup>20</sup> Politically, it means that informal settlements form exclusively in low-income districts and largely are not visible to middle-class residents in the city. The electoral structure of a city is not all that salient given that mayors have little to gain or lose in terms of middle-class votes due to the low visibility of the issue. A focus on squatting helps isolate the impact of social policy context on enforcement politics.

<sup>20</sup> An important exception is Rio de Janeiro, Brazil, where squatter settlements (*favelas*) formed in central city areas. See Fischer (2008) for a history of this inverted settlement pattern.



**FIGURE 1.7. Variation in the Geography of Squatting and Street Vending, Bogotá**

SOURCE: Informal settlements from Camargo and Hurtado (2011: 19); street vendor locations from Aliaga Linares (2012: 248).

In contrast, unlicensed street vending can occur throughout city space. Vendors can move locations in response to enforcement policies. The map shown on the right in Figure 1.7 highlights major conglomerations of street vendors in green, as well as some of the key infrastructure in the city that attracts vendors (the dots represent bus routes and parks, and informal settlements are shaded in gray). Street vendors clearly spread throughout the city to work. They prefer areas of commercial activity in the downtown. Because street vendors can work anywhere in the city, and actually prefer busy areas that are visible and trafficked by the nonpoor, their location will be highly sensitive to the electoral rules of a city and the poor's ability to set enforcement policy. Meanwhile, the social policy context is largely constant in the case of street vending. All three city cases struggle to generate alternative jobs for the poor.

These violations also are selected because they are the most consequential for the lives of the poor. It is worth clarifying both how and how much gets distributed to the poor through these two offenses. Some may assume that illegal land occupations constitute redistribution *from* private property owners directly to the poor. But in most Latin American cities, seizures of private land are rare. The poor take vacant state land in the vast majority of cases, or purchase lots at bargain prices



in areas that have problems with the zoning or belong to private owners.<sup>21</sup> Redistribution is not zero-sum. Rather, like most welfare programs, illegal land occupations involve a transfer of state resources, financed by taxpayers, to benefit a class of poor individuals.

Part of the value of illegal land occupations comes in the transfer of land to the poor. Squatters on state land in Lima, for instance, report that they could rent their properties for an average of \$725 per year. Property improvements likely account for about a third of the rental value so the state transfer amounts to about \$450.<sup>22</sup> If the rental value loosely reflects property values, then the government transfers roughly \$38 million to Lima's 86,000 current squatter households *each year* by allowing them to occupy state land.<sup>23</sup> To give a sense for the magnitude of these transfers, consider the fact that Peru only allocates \$3.5 million annually to help lower class families in Lima access housing. Approximately 268,230 households in the Lima metropolitan area—or about one seventh of the population—still live on property acquired through land invasions, and more than a

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<sup>21</sup> People buy lots in informal subdivisions that fall into three basic types: irregular, clandestine, and fraudulent. An irregular subdivision appears to be legitimately owned and registered by the developer. It fails to meet in some way the regulatory building requirements, such as the provision of basic services, the size of lots, or the allocation of green spaces. A clandestine subdivision is not registered in the real estate registry, but the land itself may be legitimately owned. The issue is that the land is not suitable for residential development, such as rural or environmental conservation land. An owner can transfer a property right to the physical land but not to build on the land. A fraudulent subdivision is sold by a swindler (*terrero* in Colombia, *traficante* in Peru) who pretends to have legitimate title to the land, but who himself occupies the land illegally.

<sup>22</sup> For formal properties, construction costs (materials, licenses, and labor) account for 62 percent of the property value (Bouillon 2012: 112). Informal properties have far lower investments in materials, particularly within their first five years of construction, and no licenses, so I estimate that the construction materials only account for roughly a third of rental values.

<sup>23</sup> Peru's household survey (*Encuesta Nacional de Hogares*, ENAHO) asks individuals their tenancy status. I count squatters as those who respond that their house is "owned, acquired by invasion" and that they lack property title to the land, which likely means that the invasion formed after the deadline to title property in 2006. In 2011, ENAHO shows that 268,230 households in the Lima metropolitan area live on property acquired through land invasions. Of those households, 34 percent admit that they do not have land title. ENAHO also asks households how much they think that someone would pay in rent for their house.

half once have lived on informal property. Illegal land occupations thus involve consequential transfers and large numbers of urban residents.

The other piece of the distributive transfer in the case of squatting comes in the provision of basic services. When an individual purchases or rents a house, a major part of the cost comes in the access to urban infrastructure. In the case of an illegal land occupation, the poor pay nothing for these goods, and the state provides them after the fact. Extending the water, electrical grid, sewage, transportation, and roads to an informal settlement—particularly one on precarious land—is enormously expensive. For instance, it costs the Bogotá city government an average of \$1900 per lot, and can be assumed to raise the land value at least in equal measure (Maldonado Copello 2009: 332). A conservative estimate suggests that an informal lot that the poor may occupy or buy from an intermediary for \$2000 would cost on the order of \$9,900 if sold with the required services and legal documents.<sup>24</sup> Were land transactions fully legal and services provided at their real cost, the poor would be unable to access land markets at all.<sup>25</sup> Holston (2008: 206-207) nicely underscores the distributive impact of this process: “The very illegality of house lots in the peripheries makes land accessible to those who cannot afford the higher sale or rental prices of legal residences.” Again, the costs are born by the public at large who pay for the costs of occupied state land, inefficient service provision, and urban sprawl.

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<sup>24</sup> The value of this informal transaction could also be calculated by looking at how the price paid compares to that for similar lots available on the market with title and services. But the calculation is tricky because these types of lots do not exist in the market. Instead, I arrive at the figure of \$9,900 by calculating the increase in property values from a zoning change from land outside the urban periphery (on rural or environmental land), as is the common case in Bogotá, plus the additional value from public service provision.

<sup>25</sup> What the poor pay to purchase an informal lot is roughly on the same order as what the state requires as a down payment to participate in a social interest housing project (\$2,000). This down payment is viewed as the maximum that poor families can pay at any one time. Thus, the “real” price of illegal land occupation lot at \$9,900 is well beyond the economic means of most poor households.

Likewise, the distributive transfers provided through tolerance of street vendors are important to the lives of the poor. Consider a rough estimate of informal transfers to unlicensed street vendors in foregone rent payments. Street vendors in Lima report that they pay an average of \$130 in monthly rent when evicted from city sidewalks. I use rent payments, given that vendors often report earning less in formal stands, as a lower bound estimate of the vendors' willingness to pay to sell on city streets. By this calculation, the government effectively provides an annual subsidy of \$1560 per street vendor when it permits a vendor to occupy busy streets and to forgo paying rent. Or, stated otherwise, the city provides a total subsidy of \$182.5 million annually to 117,000 illegal vendors. By contrast, one of the largest social programs in the city, Glass of Milk (*Vaso de Leche*), transfers \$115 per poor family each year and covers 287,000 families.<sup>26</sup> Together, these calculations about squatting and street vending suggest that informal transfers through forbearance often dwarf formal transfers by orders of magnitude. A study of these offenses thus is critical to understanding the structure of social policy in the region.

#### 4.3 Data

This study is based on fieldwork carried out in Bogotá, Santiago, and Lima over the course of thirteen months between 2011 and 2013. The primary data analyzed include government and police records, fiscal and electoral records, congressional and municipal debates, newspaper reports, and in-depth interviews with politicians, public officials from the national and subnational level, academics, lawyers, and interest group organizations (chambers of commerce, construction lobbies, street vending organizations, neighborhood organizations, labor organizations, and so on).

Public opinion data comes from several sources. I conducted an original public opinion survey of 900 respondents in Bogotá, Colombia in August 2013 to probe the micro-foundations of

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<sup>26</sup> The 2011 annual budget is \$33 million for 287,000 families.

my theory. Given that I could only run the survey in a single city, I make use public opinion data from the Latin American Public Opinion Project (LAPOP) AmericasBarometer to examine the generalizability of the relationship between class and support for legal violations by the poor.<sup>27</sup> To supplement the survey data, I also conducted focus groups with the leaders of street vending associations and neighborhood organizations to understand how citizens and organized groups interacted with government agencies.

Initial field research consisted of qualitative interviews primarily with bureaucrats and politicians to develop the theory. Subsequent research attempted to gather data to test the implications by systematically surveying bureaucrats across districts. I created an original data set, on legal violations, enforcement actions, and political dynamics through a survey of local sub-city governments. The survey collects systematic data on offenses, enforcement actions, government resources, citizen complaints, and decision-making. When possible, this information was verified with administrative records. In addition to information about government behavior, the survey asked bureaucrats a series of attitudinal questions about their perceptions of enforcement politics. These data help understand district enforcement operations from the bottom up. They are limited to a single moment in time, however, and may overstate enforcement operations if officials distort the information provided to portray a more effective administration. The survey covers 89 districts in three cities, or 92 percent of all city districts (only rural districts are excluded from the sample), and two sectors, thus drawing on interviews with almost two hundred district bureaucrats.

For information on political motivations, I rely on interviews conducted with politicians, state officials, lawyers, police, and local leaders. In about a third of districts surveyed, I interviewed the local mayor and/or councilors. Since qualitative data were not intended to provide point estimates such as the percentage of politicians supportive of forbearance, the main concerns were to

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<sup>27</sup> These data are publicly available at <http://www.vanderbilt.edu/lapop/>.

ensure that a variety of perspectives was captured, that these perspectives were not systematically biased in any way. As such, I interviewed local mayors and councilors in all types of districts. To encourage that respondents would be as open and forthcoming as possible, I offered the option of anonymity to politicians, but discovered that the vast majority of politicians were happy to discuss their enforcement positions openly. Where available, I also reviewed campaign platforms at the district level to get a more systematic sense for the frequency of politicians' promises. Peru, in particular, has a unique database of district government platforms (*Plan de Gobierno*) that I systematically analyze for the 2010 election.<sup>28</sup>

The local government survey only provides enforcement information at a single moment in time so I supplement it with information on enforcement from administrative records and newspaper reports. I followed coverage of housing and street vending enforcement by systematically searching through the main national newspaper in each country (*El Comercio* in Peru, *El Mercurio* in Chile, and *El Tiempo* in Bogotá) from 1990 to 2010. The public opinion survey, complete local government survey, and newspaper methodology are provided in the Appendix.

## 5 Overview and Contributions

The study is organized as follows. The next chapter turns to the micro-level to examine enforcement and redistributive preferences. I use individual-level data from Bogotá and across Latin America to show, first, that income predicts preferences for forbearance, and second, that popular support for forbearance decreases with social expenditures that substitute for the poor's distributive claims. I also show that poor voters identify politicians who support forbearance as more likely to represent their interests, even compared to politicians who promise targeted social expenditures.

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<sup>28</sup> Platforms are available for each district and candidate through the National Electoral Authority's Governance Observatory (*Jurado Nacional de Elecciones, Observatorio para la Gobernabilidad*, <http://www.infogob.com.pe>).

These observations confirm that politicians face different electoral incentives to enforce based on the national social policy context and the demographics of the district where they seek office.

Chapter 3 analyzes how local politicians make enforcement choices in light of nationally determined social policies. I examine the case of squatting because it has a clear social policy substitute, targeted housing expenditures. I show how truncated housing policies in Colombia and skeletal housing policies in Peru have created strong incentives for local politicians to forbear. In contrast, I demonstrate how the development of housing policy that reaches the poor alters popular demands and prompts politicians to enforce against squatters in Santiago. Illegal land occupations occur on the urban periphery where the electoral costs of enforcement are high. Even in politically centralized cities, the costs are concealed to middle-class constituents. This geographic distribution means that enforcement is largely stable over time and dependent on the social policy context. I process-trace responses to illegal land occupations using administrative and newspaper records to show that enforcement breaks down at political decision points and that distributive capacity is a more powerful explanation of forbearance than institutional weakness.

Using the class preferences outlined, Chapter 4 examines how a mayor's core constituency drives enforcement policy against street vendors over time in citywide elections. I show that mayors with poor core constituencies enforce less than those with nonpoor core constituencies in Bogotá and Lima, and that forbearance appeals are explicitly used to attract and mobilize informal sector poor voters. Chapter 5 then exploits the fact that street vendors work scattered throughout the city to probe how enforcement policy varies at the sub-city level. I show that the combination of voter demographics and electoral rules explains enforcement, even in a context of institutional strength like Santiago. Original data on enforcement and offenses, as well as interviews with mayors and bureaucrats, provide strong evidence to distinguish my electoral theory's predictions from capacity-based alternatives.

Chapter 6 concludes with the implications of this study for future research on the electoral behavior of the urban poor, state capacity, enforcement politics, and welfare regimes.

The core theoretical contribution of this project is to bring together the literatures on enforcement and redistribution. On the one hand, I highlight how weak *distributive capacity* can limit the willingness of politicians to enforce state laws and regulations. I provide empirical evidence to support the argument that electoral incentives, structured by the social policy context, provides greater leverage to understand why certain laws go unenforced in Latin America than classic capacity-based explanations. On the other hand, I underscore how the limited extent of formal redistribution to the informal sector poor may reflect the fact that Latin American countries redistribute resources through fundamentally different means, namely forbearance. This study provides a novel explanation for this inconsistency by showing how the informal sector poor receive important material benefits from forbearance, and therefore organize collectively and vote in favor of its extension and the eventual legalization of informal benefits.

In so doing, this study suggests an alternative path through which the poor were integrated into politics in Latin America. Classic studies of political incorporation, such as Collier and Collier (2002), focus on how governments incorporated organized labor through the extension of social benefits, and how variation in political coalitions persisted and shaped political outcomes over time. The urban poor are largely absent from this classic account of the political incorporation of the working class. This study begins to fill this gap by suggesting that forbearance allows politicians to link to the informal sector poor and channels their social demands to informal modes of redistribution. The legacies of this pattern of incorporation are important for how redistribution and electoral politics works today.

In its more micro-level analysis of urban politics, this study also makes contributions to literatures on distributive politics. Work on distributive politics focuses on the choice of

government expenditures or employment, while paying little heed to other important policies that can be manipulated near elections. But politicians have discretion over a variety of areas. Their power to withhold enforcement can be just as consequential as their ability to provide goods and services. With a few important exceptions (Chubb 1982; Collier 1976; Ferraz 2007; Golden and Min 2013; Holston 2008), the politics of enforcement have been much less studied than other forms of distributive goods. As Kramon and Posner (2013) point out, targeting patterns in one area of distribution do not necessarily imply the same, and could even suggest inverse, patterns in other areas. Understanding how informal welfare benefits target the poor can help make sense of how truncated formal welfare benefits persist even under democracy.

This study also moves beyond the literature on vote buying in highlighting that the poor's electoral behavior can be strategic and rooted in beliefs about material interests and political representation, even though it may be motivated by different sets of goods and policies than traditionally studied in advanced democracies. A theme throughout this work is that both citizens and politicians' attitudes toward forbearance have real programmatic content. Views on forbearance do not align neatly with traditional Left-Right dichotomies, but they often are rooted in philosophical views about equality, citizenship rights, and welfare provision. In ignoring informal modes of redistribution, scholars have missed issues that differentiate candidates and help make sense of the political spectrum in contexts where formal redistribution fails to create clear class cleavages.

In focusing on local politics, this study also adds to a rather limited literature on the consequences of electoral decentralization. While a number of studies have focused on why central authorities opted to share power with local officials (Eaton 2004; Falleti 2010; Mardones 2007; O'Neill 2005; Samuels and Montero 2004; Willis, Garman, and Haggard 1999), the question of how choices about political decentralization shape urban policies and outcomes has been less explored.



For instance, little is known about the consequences for equity and efficiency of direct local elections versus appointed administrative structures outside of developed democracies (for a review in mature democracies, see Partridge and Sass 2011). Electoral decentralization also helps understand why forbearance can become institutionalized in some settings, leading to consistent deviations from formal rules or “informal institutions” (Helmke and Levitsky 2004; 2006) in some settings, and why it can become a contested and volatile electoral division in others.

Lastly, this study adds to a large literature on state capacity in developing democracies. Many scholars view resources and the quality of bureaucracy as central obstacles to effective enforcement (*e.g.* Cross 1998; De Soto and Gherzi 1989; De Soto 2000; Dimitrov 2009; Levitsky and Murillo 2009; Shleifer and Vishny 1993). Bureaucratic procedures are slow and cumbersome, state agents are corrupt, and politicians are unable to observe and sanction those that neglect their duties. Major international organizations have invested in projects to buttress legal implementation in the developing world, primarily by training and funding bureaucracies. Yet this study documents how politicians favor given constituencies by influencing the actions taken by bureaucrats in the implementation of public policies and laws. These manipulations can be the sign of healthy electoral democracy and weak social policy. The broad implication is that the design of social policy can be an alternative and effective tool to build the rule of law.

## Chapter 2

### Preferences

“Justice involves treating the equal equally and the unequal unequally in proportion to their inequality.”

—Aristotle

Understanding the electoral dynamics of forbearance requires dissecting how ordinary citizens think about enforcement. This chapter lays the micro-foundations for the subsequent examination of politicians’ enforcement choices. I examine three core assumptions about how voters view enforcement that underpin my electoral theory: 1) poor individuals prefer less enforcement against certain property laws than nonpoor individuals, 2) popular support for enforcement increases with social welfare expenditures that substitute for the poor’s distributive claims, and 3) voters identify politicians who support enforcement as acting *against* the poor’s broader interests. Together, these observations provide evidence that an important segment of the public justifies and prefers forbearance as an informal mode of redistribution.

While a large literature exists on preferences toward redistribution, comparatively little work analyzes enforcement preferences (*c.f.* Gibson 2008; Tsai 2013). This chapter aims to move beyond vague generalizations about legal attitudes in Latin America. On the one hand, it is often argued that a cultural disrespect for formal rules accounts for widespread law breaking in the region and hinders the state’s ability to enforce the law. Cultural idioms (“The law is for the peasants”; “Make the law, make the way around it”; “I obey, but do not comply”) are taken as evidence of widespread cultural norms that reject enforcement. Scholars who take a socio-cultural approach stress that weak enforcement is rooted in Latin America’s familial and clientelistic traditions (DaMatta 1991; García Villegas 2009; Mockus, Murrain, and Villa 2012; Mockus 2002). On the other, another common view is that legal violations persist because individuals or groups who violate the law impose their preferences on the majority (Cross 1998; Donovan 2002). This chapter confirms that legal norms

are sometimes viewed as flexible and jettisoned by large segments of the population in Latin America. However, support for forbearance is tightly bound to an individual's class interests and the state's welfare capabilities, much like redistributive preferences.

This chapter combines original survey and experimental data, as well as a new approach to regional survey data, to provide a more complete and nuanced picture of enforcement attitudes than any single source could offer on its own. The first part of the chapter characterizes forbearance attitudes and discusses the measurement challenges. I draw on an original survey that I designed and administered to 900 voters in Bogotá, Colombia in August 2013. Appendix A presents the details of the survey design and the translated questionnaire. The latitude to design my own survey allowed me to probe enforcement attitudes in a variety of ways. Conceptually, I argue that enforcement attitudes are two-dimensional—they reflect beliefs about individuals who break the law (compliance) and beliefs about state sanctions against those individuals (enforcement). Attitudes about compliance and enforcement do not necessarily go together. An important finding is that most voters oppose law breaking in the abstract, yet they also are rather unenthusiastic about state enforcement. High levels of popular support for forbearance contradict past theories that emphasize how special interest groups or rent-seeking politicians distort the enforcement process to undercut the public interest. Forbearance has a constituency, and one that is overwhelmingly poor.

The thrust of the second part of this chapter is that material interest models developed to study redistributive preferences apply, and even more crisply, to forbearance attitudes. I show that a respondent's class position strongly predicts her forbearance preferences, all else equal. I find suggestive evidence that the relative predictive power of class is weaker for redistributive than forbearance attitudes by comparing the model fit and robustness to different question wordings. I estimate a series of statistical models to determine whether other factors like political ideology or education account for individual-level variation in forbearance beliefs. I then demonstrate the

generalizability of my findings using an indirect measurement technique on region-wide public opinion data from AmericasBarometer. My findings also support the hypothesized mechanism, namely that the comparative progressivity of forbearance helps explain the strong class cleavages in attitudes. Poor respondents do not see themselves as clear beneficiaries of the welfare state as a whole. Yet, in line with my theory, they do support higher taxes on the rich, cash transfers, and forms of forbearance that have progressive economic effects.

Third, I examine my claim that forbearance functions as social policy substitute. The idea of policy substitutes is that the availability of one decreases demand for the other. Consistent with this logic, I show that individuals who believe that state programs meet citizens' basic needs also are keener on enforcement. Of course, observational analysis raises issues of omitted variables and makes identifying causal relationships challenging. To overcome this challenge, I examine a quasi-experiment based on the placement of social interest housing projects in Bogotá. By looking at how a geographically localized social policy context alters attitudes toward squatters, I can more plausibly claim that social policy availability impacts enforcement attitudes. The evidence is suggestive that social policy investments can reduce support for squatting and displace demands to housing authorities. The fragile individual-level findings will be buttressed by an array of observational data in Chapter 3.

The final empirical section examines voters' evaluations and preferences over hypothetical mayoral candidates. I use an experiment embedded within a survey to randomize candidates with platforms based on social policy and enforcement proposals. The survey experiment allows for a test of the relative salience of enforcement and social policy cues in shaping candidate placements and electoral behavior. Strong evidence emerges for my claim that citizens use enforcement positions as heuristics for politicians' distributive commitments. The poor are more likely to believe that candidates who promise forbearance will favor them in office, and to say that they will vote for

forbearance platforms in hypothetical elections. In stark contrast, promises of formal social policies targeted at unskilled workers do not budge beliefs about political representation or vote choice. I interpret these results as evidence that forbearance is a more credible social policy promise and a powerful class signal.

This chapter pools together tests of this trio of hypotheses—that the poor support less enforcement than the nonpoor, that social policy expenditures boost support for enforcement, and that politicians who support enforcement are seen as anti-poor—because they collectively challenge canonical individual-level models of electoral behavior. Existing models assume that tax-based redistribution divides the electorate, and promises of social expenditures compel the poor to support candidates. The contribution of this chapter is to suggest that, particularly in countries with a history of truncated welfare spending, forbearance can be a more economically progressive and credible form of aid than formal welfare policies. Forbearance can generate strong class cleavages, provide more credible cues about the political spectrum, and, at least in some contexts, motivate vote choice. Attention to enforcement preferences thus contributes to our understanding of the distributive issues at stake in politics, especially for poor voters historically marginalized from the formal welfare state. Before diving into the empirical results, I tackle some of the conceptual and measurement challenges in operationalizing support for forbearance.

## **1 Measuring Forbearance Preferences**

Legal attitudes can be decomposed into two distinct dimensions. The first concerns reactions to what an individual has done (law breaking/compliance), and the second concerns how the state acts in response (law enforcement/forbearance). This section first develops a typology of attitudes based on these two dimensions, presents the indicators for each dimension, and then discusses some descriptive statistics regarding the distribution of attitudes in my survey of voters in

Bogotá. The overarching goal of this section is to show that forbearance attitudes can be measured through indicators about both law breaking and enforcement, and that combining these questions can provide a clearer picture of the basis for legal attitudes.

The first dimension concerns attitudes toward compliance. Beliefs about compliance can be governed by political and social norms that make certain forms of legal violations socially acceptable, regardless of how the state acts in response. For example, taking the iconic example from *Les Misérables*, the theft of a loaf of bread by a starving man like Jean Valjean may be an accepted action in the eyes of most citizens. Tsai (2013) demonstrates that many forms of non-compliance are seen as justified in China when they provide feedback to the government. Work on tax compliance highlights that individuals have a host of reasons to support or reject evasion, such as perceptions of the tax code's fairness, ethical reciprocity, notions of political community, or habit (Levi 1988, 1997; Lieberman 2003) For the purposes of this project on progressive forms of forbearance, my main interest is when an individual's economic circumstances are seen to justify law breaking. Support for legal violations with progressive effects likely varies with an individual's social solidarity with those who break the law, and also direct material motives like whether the individual has or expects to violate the law.

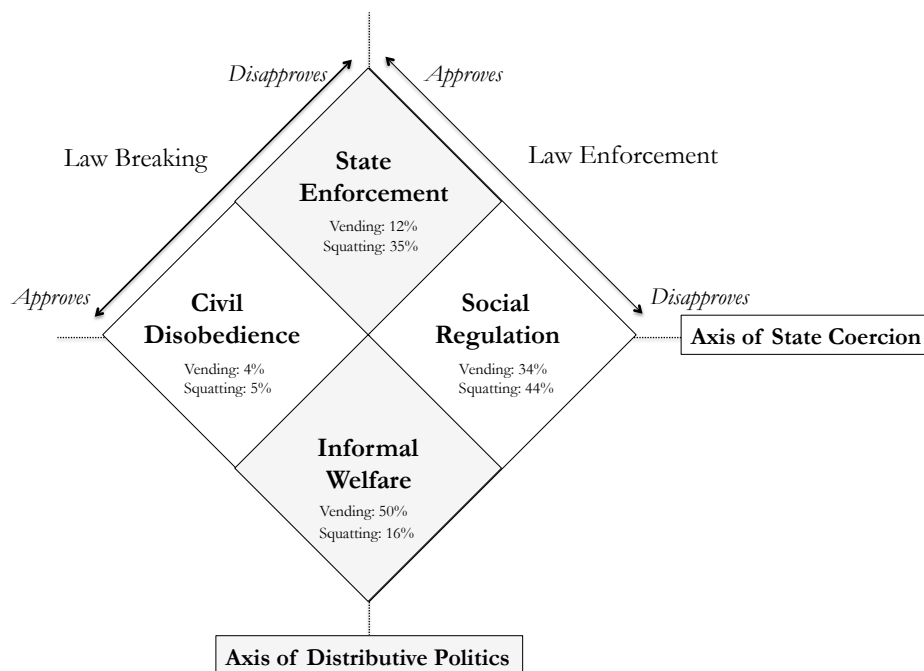
The second dimension of legal attitudes concerns ideas about how the government should enforce the law. These attitudes may overlap with judgments about law breaking. Those who believe street vendors have no other options to earn a living, for instance, may be sympathetic both to street vendors and forbearance. However, enforcement attitudes also depend on how individuals assess the use of state coercion to regulate behavior. Continuing with the *Les Misérables* example, an individual may condemn Jean Valjean for theft and uphold property laws in the abstract. But, he also can believe that the French state should treat individuals who steal food out of desperation differently from common criminals and forgo penal sanctions. An analogous contemporary

situation concerns immigrant deportations. Even though many individuals disapprove of illegal immigration and support the passage of restrictive laws, they still may find deportations of immigrants who have spent their lives in a country to be abhorrent. These regulations represent a class of “coercive social regulations” that impose concentrated costs on otherwise sympathetic individuals, and often go unenforced because “the problem in democracies is weak support for the use of coercive power” (Ellermann 2009: 4). Individuals thus can support compliance, and diverge in their beliefs about whether state sanctions are necessary or appropriate.

Conceptually, these two dimensions produce a four-fold typology summarized in Figure 2.1. I include the frequency of response categories for the offenses examined in this study, street vending and squatting. The top cell in the diamond shows a belief in state enforcement in which individuals disapprove of the offense and approve of coercive sanctions. This combination can be thought of as the maximum—and the conventionally expected—attitude toward law enforcement. Consider the case of a murder: individuals both condemn the action and clamor for state sanctions. In this case, politicians enjoy robust support for enforcement because individuals fully reject a repugnant behavior and embrace the need for coercive measures to control it.

The bottom cell in the diamond represents the opposite combination of beliefs: individuals approve of the legal violation and eschew state sanctions. In the context of laws that benefit the poor if ignored, this position reflects the chief attitude of interest, or support for informal welfare provision. My contention is that this attitude represents a programmatic orientation that legal violations are acceptable and should not be met with sanction due to the poor’s economic circumstances. Note that this is quite different from a particularistic attitude toward the law. Da Matta (1991) famously proposed that Latin Americans show limited support for law because they see their personal circumstances as meriting legal exceptions. Informal welfare attitudes, in contrast,

involve a belief about the law in the abstract.<sup>1</sup> The philosophical principle that undergirds this view is that unequal treatment in the eyes of the law is justified when it is a means to level preexisting inequalities (for a discussion of this principle in Brazilian law, see Holston 2008: 28). In other words, this approach represents a principle of comparative justice along the lines articulated in the Aristotelian maxim that opens this chapter. Given that the person who violates squatting and street vending regulations tends to be poor, he should systematically be treated differently in the eyes of the law.



**FIGURE 2.1. A Typology of Legal Attitudes**

The incentives for politicians to pursue forbearance are strong where informal welfare beliefs dominate because it can be easy to portray enforcement as unjustified. Politicians can garner support for forbearance when the offenders are viewed as poor and deserving of informal welfare.

<sup>1</sup> In cases of laws that both the poor and nonpoor violate, or what the previous chapter introduced as cases of segmented enforcement, then this attitude requires a belief that a class of individuals merit legal exceptions. Because both the poor and nonpoor can squat on land, I specify the class identity of the person to clarify the type of individual who has violated the law and thus merits the abstract exemption.



Individuals with informal welfare beliefs are likely the strongest proponents of forbearance, given that they oppose both the regulatory attempt and the sanction.

Weak support for enforcement also can arise from a second source apart from distributive concerns. As shown in the right-hand of the diamond, some individuals disapprove of legal violations but also oppose the use of coercive measures to control these activities. A disjuncture forms between the ideal level of compliance and the use of state force necessary to achieve that outcome. This gap likely reflects distaste for repression, and grows when the individuals affected by enforcement are economically vulnerable (or otherwise sympathetic). Thus, even when there is broad consensus around the desirability of legal compliance, there can be disagreement about enforcement. Particularly with respect to evictions of squatters, respondents tended to condemn land takings but also explain that eviction actions were too punitive to be foisted on vulnerable individuals. I consider these individuals who hold disjunctive beliefs to support a type of “social regulation” in which the state discourages the violation of the law through soft means. However, many of these soft means, such as persuasion through education or verbal warnings, may be ineffective when the benefits at stake are large, or require costly state investments, such as substitutive social policies, that meet resistance when put up against other spending priorities.

Finally, the left cell is a rare combination where individuals approve of violations of the law *and* state enforcement. Theoretically, this combination reflects approval for civil disobedience. Individuals find the law unjust in certain circumstances, which merit its violation, but they believe that the state retains the authority *qua* state to enforce the law. These individuals use violations of the law as a means to protest the law at risk of state sanction. For example, blacks who staged sit-ins in segregated public spaces to change the law were willing to go to jail to further the civil rights movement (Peñalver and Katyal 2010: 64). The category of individuals with these incongruous demands is small, however. Intuitively, most individuals who find legal violations to be justified also

oppose state enforcement, particularly on a survey where no symbolic political statement is being made through open violations.

Part of the motivation of this conceptual typology is to discriminate between legal attitudes motivated by beliefs about distributive justice and those tied to ideas about state coercion. In particular, indicators of enforcement approval (the right diagonal axis of the typology) identify individuals who support state sanctions. However, indicators of enforcement attitudes lump together individuals who disapprove because they want to favor the poor and because they dislike coercive force. Conversely, indicators of support for legal violations (shown on the left diagonal axis) embed the opposite assumption: they distinguish individuals who support forbearance due to social reasons and due to distaste for coercion. These two dimensions touch on measurement issues as well as questions of how politicians can use enforcement appeals to build winning core constituencies. At times, enforcement politics can be understood and pitched as a class issue in which the poor stand to be harmed by “repressive” uses of force. But political entrepreneurs also can frame it as a necessity to promote compliance and downplay the use of coercive measures.

My claim is that a central dividing line in politics, or what I consider a cleavage around informal distributive politics, can be best captured through a combination of measures of attitudes toward compliance and enforcement. What I want to measure is the vertical axis pictured in Figure 2.1, which could be thought of as a scale that measures the intensity of public support for informal distributive politics. The key groups—individuals who consistently back state enforcement and those who favor informal welfare provision—are shaded in gray to indicate that they are the central focus of study. Conceptually, I suspect that these attitudes are rooted in differences in solidarity with the poor, and willingness to distribute resources to the poor informally. Therefore, I expect that state enforcement and informal welfare attitudes have a strong class component, which I explore further below. This vertical axis cuts across preferences about law breaking and

enforcement, shown on the diagonals, and tries to eliminate potential noise from beliefs about the use of state coercion (showed on the horizontal axis). Empirically, this division suggests that a principal component analysis (PCA) will better capture underlying divisions about informal welfare policies than any single survey question alone.

The indicators used to measure both of these dimensions for street vending and squatting are shown in Table 2.1. Formulating questions about legal violations required extensive pre-testing to ensure that they did not impose judgments in labeling the activity illegal so people would either decline to respond or automatically give the legally correct answer. With these considerations in mind, the survey asked individuals about hypothetical compliance and enforcement while describing activities as “without a license” or “without title to the land.”<sup>2</sup>

**TABLE 2.1. Measuring Support for Law Breaking and Law Enforcement**

Concept	Indicators
<b>Support for Law Breaking</b>	How much do you disapprove or approve that people...
<i>Street vending</i>	Sell goods without a license in the public space.
<i>Squatting</i>	Occupy land informally to build housing.
<b>Support for Law Enforcement</b>	How much do you disagree or agree that the government...
<i>Street vending</i>	Decommissions the merchandise and removes an unlicensed street vendor from the public space.
<i>Squatting</i>	Evicts a family that occupies vacant land and begins to build where they do not have title to the land.

A more difficult issue to resolve was the fact that opinions are sensitive to whether questions are asked in the abstract or with respect to specific individuals named in a vignette, which may lead respondents to see the individual as an isolated case or identify with their personal situation. This

<sup>2</sup> Social desirability bias did not appear to be a major problem: survey response rates were above 95 percent. Moreover, the high levels of approval for law breaking and forbearance suggest that there are widely held social norms that make it acceptable for citizens to support deviations from the law’s letter.

results in a measurement problem. The *level* of support for a given legal violation or sanction will be dependent on whether questions are framed in personalized or abstract terms. The compromise struck here is to measure enforcement through questions that provide minimal details about the person who violates the law. Levels of support thus can be thought of as a lower bound on support for forbearance when specific individuals in a community are at stake. Moreover, to the extent possible, I asked questions in a variety of ways and use PCA to uncover core support for forbearance. While these questions help us understand differences across class groups, judgments about the median voter's preferences must be made with caution.

Returning to Figure 2.1 to look at the empirical division of popular beliefs about street vending and squatting suggests several important facts. First, demands not to enforce the law are composed of both distaste for coercive actions (support for social regulation) and beliefs that individuals should be permitted to violate the law due to their economic circumstances (informal welfare). Combined, support for non-enforcement is very high for both offenses studied here: 84 percent of respondents disapprove of state enforcement for street vending, and 60 percent disapproves in the case of squatting. Even given measurement challenges, what we can cautiously conclude is that there are non-trivial costs to undertaking enforcement actions that can come both from individuals who sympathize with the poor and those who reject coercive measures.

The desire to avoid coercive sanctions and look for ways to deter law breaking without enforcement—or social regulation—is an important component of opposition to enforcement. Evictions of squatters in particular raise red flags among respondents as excessive exertions of authority. While 44 percent disagree with evictions, only 16 percent agree with squatting. Notably, given that this belief is widespread in society, then the structure of Latin American laws makes eminent sense: citizens both support the legal standard as an abstract ideal and oppose its enforcement in the typical case that involves sympathetic individuals and punitive measures. In

contrast, if informal welfare beliefs were dominant on their own, then it would raise the question of why politicians do not change the law.

Enforcement and informal welfare attitudes divide class groups. State enforcement against squatting garners support among 44 percent of upper class groups and just 26 percent of lower class groups. Even more extreme, while 22 percent of upper class respondents support enforcement against street vendors, only 4 percent of lower class respondents concur. Conversely, informal welfare beliefs concentrate among the poor. While 29 percent of the poor approve of informal welfare provision in the case of squatting (i.e. they approve of squatting and disapprove of enforcement), 7 percent of the nonpoor holds similar beliefs. Likewise, 70 percent of the poor hold informal welfare beliefs about street vending compared to 34 percent of the upper class. I probe these class divisions more rigorously in the next section to check whether other factors such as political ideology drive these beliefs.

In contrast, preferences for social regulation do not have a strong class basis. If anything, social regulation draws slightly higher support among upper class, educated respondents. In the case of squatting, 42 and 46 percent of the poor and nonpoor, respectively, condemn squatting but also oppose evictions. For street vending, 29 percent of the poor and 39 percent of the nonpoor prefer social regulation. Hence, the desire to avoid coercive sanctions and look for other ways to deter law breaking without enforcement is substantively important, but it does not galvanize class groups. This group roughly can be thought of swing voters on enforcement issues, given that their stance on enforcement is more liable to shift based on the perceived desert of those in violation of the law and the way that coercive state actions are presented to the public.

To wrap up, the typology of legal attitudes developed brings out the assumptions behind using any single measure of legal attitudes. It also suggests the ways in which beliefs about compliance and enforcement diverge. I have clarified that support for informal welfare provision is

best understood as a joint belief that legal violations are justified *and* state sanctions are unmerited. Support for state enforcement inverts both of these positions. Decomposing attitudes suggests that support for non-enforcement is very high, even when questions are posed in abstract terms, but that a large group of the public may prefer less intrusive enforcement measures to promote compliance. The next section further probes the centrality of class to how citizens view forbearance against street vending and squatting. I lay out the evidence for my theoretical prediction that the poor support less enforcement than the nonpoor.

## **2 Material Interests**

The most basic assumption of redistributive politics is that the poor prefer social welfare spending and the rich resist it. It follows that income predicts support for redistribution (Meltzer and Richard 1981; Romer 1975). The core idea of this study is that forbearance can serve as an informal mode of redistribution. Moreover, in contrast to weakly progressive government welfare provision, forbearance targets the poor. Empirically, then, two key things should follow at the individual level: higher income should predict less support for forbearance, and second, the predictive power of income should be greater for forbearance than for redistributive attitudes. I test this first implication with regression analyses of forbearance attitudes in which income is included as an independent variable along with controls for potential confounders like gender, age, and ideology. To examine the second implication, I compare the relative explanatory power of regression models changing the dependent variable from forbearance to redistributive attitudes. I also look at the consistency of class as a predictor using different measures of legal and redistributive attitudes. The goal of these tests is to explore whether class groups polarize more consistently around enforcement issues compared to traditional social policy issues. I investigate these propositions first with the evidence from Bogotá and then from across Latin America.

## 2.1 Evidence from Bogotá

To measure attitudes toward forbearance, I use PCA to capture the axis of informal distributive politics proposed in Figure 2.1. I use two measures of attitudes toward law breaking: approval of unlicensed street vending (*Vending*) and approval of squatting (*Squatting*). In addition, I consider a pair of measures of enforcement attitudes based on the most common type of sanctions for these offenses, decommission of vending merchandise (*Decommissions*) and the eviction of squatters (*Evictions*). These questions were asked both as vignettes and abstract propositions; I include both in the PCA. A common first dimension explains 41 percent of the variance across individuals. As expected if distributive beliefs underpin these question responses, the principal component loads negatively on law breaking and positively on law enforcement measures. I therefore call this underlying attitude *Forbearance*.

Conceptually, the advantage of this single dimensional measure is that it captures the distributive aspect of enforcement attitudes and it reduces noise from measurement error on single-item survey questions. For example, Ansolabehere, Rodden, and Snyder (2008) argue that combining a “number of survey items on the same broadly defined issue area...eliminates a large amount of measurement error,” revealing “issue preferences that are well structured and stable.” The drawback of this strategy is that it does not allow for a natural interpretation of the dependent variable. Given these concerns, I also analyze each separate question about law breaking and enforcement to give a sense of the substantive effects and explanatory power.

To compare the relative predictive power of income, I measure attitudes toward redistribution using a similar approach. The most common operationalization of redistributive demand comes from survey questions that ask individuals if they agree or disagree that the government should take actions to reduce inequality (*Inequality*). I present this generic question, consistent with the literature, but I also include a broader set of questions to get at an underlying

dimension of social policy attitudes (*Social Policy*). These questions include approval for economically progressive measures like additional taxes on the wealthy (*Tax*) and cash transfers to the poor (*Transfers*). They also include questions about approval for several social policies with less clearly progressive effects due to their historic exclusion of informal sector workers. These include expenditures on employment (*Employment*), pensions (*Pension*), and housing programs (*Housing*). The first component explains 45 percent of the variance in attitudes and loads positively for all questions.

My key independent variable is an individual's class position (*Class*). Throughout, I use the term "class" loosely to refer to socioeconomic stratifications. As explained in Chapter 1, Colombia divides the population into six class strata that are established through a detailed household survey that accounts for current income levels, as well as the precariousness of that income level (due to education levels, type of work, household size, dwelling quality, and so on). Individuals are highly knowledgeable of their household's stratum.<sup>3</sup> Citizens and politicians alike speak in terms of "low" and "high" strata. Strata measures thus come far closer to capturing a broad notion of class position than straightforward income measures, but are not primarily rooted in labor market status.<sup>4</sup> I expect the coefficient on class to be negative, given that upper class groups should prefer less forbearance.

Education also likely affects attitudes toward forbearance through material and nonmaterial channels. Given imperfect measures of class, years of education (*Education*) may capture additional socioeconomic differences. Education also results in different socialization experiences. It may inculcate a commitment to abstract ideals like the rule of law and the sanctity of private property. I thus expect that more educated respondents are likely to place greater value on enforcement. I also

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<sup>3</sup> The correlation between the strata identified on government documents and the self-identified household strata is 0.97.

<sup>4</sup> The results are robust to standard household income measures as well. But income measures have known problems of measurement error and missing data (Deaton 1997; Handlin 2013), and labor contract status changes frequently (Perry 2007), which make government class assignments a preferred option.



expect that older respondents (*Age*) are less supportive of forbearance, given a higher probability of owning property and concerns about disorder among younger generations. While the coefficient on age should be negative for beliefs about forbearance, I expect it to be neutral or positive for redistributive beliefs, given that Latin American welfare states spend heavily on pensions that benefit the elderly. I control for sex (*Female*), although I have no clear hypothesis about its effects.

As I argue in the first chapter, benefits secured through forbearance fit uncomfortably into traditional Left-Right ideological divisions because they are pro-poor, but provided outside state channels. If the basis of left-wing identification is support for an expanded state role, then individuals who identify with the political Left should be less sympathetic to forbearance. They are likely to prefer expanded formal redistribution and see forbearance as a challenge to state provision. Yet if left-wing individuals identify as such because they believe in pro-poor policies, broadly defined, then they will support the progressive benefits provided through forbearance. My weak expectation is that pro-poor views are more determinative of ideological identification at the individual level. Therefore, individuals who sympathize with the political Left should be more sympathetic to forbearance as a way to aid the poor. Those who sympathize with the political Right are more likely to reject forbearance as a threat to the existing distribution of income and property. To examine this hypothesis, respondents are asked to place their political views on a scale that runs from the political left to right, “according to the meaning that these terms have for you” (*Right*). On average, I expect that the coefficient will be negative because identification with the Right should be associated with less support for pro-poor policies and thus forbearance.

Several additional measures capture whether an individual is likely to receive distributive benefits from forbearance and thus should predict greater support. In particular, I expect that individuals who have worked as a street vendor (*Vendor Past*) or have occupied land illegally (*Squatter Past*) are more supportive of forbearance, given that they realize the distributive benefits at stake and

may be more likely to rely on informal welfare again as an insurance mechanism in the future. A related prediction is that individuals in the informal sector (*Informal*) are more likely to support forbearance due to their historic exclusion from formal welfare benefits. I measure informality by whether an individual has a formal sector labor contract. The drawback of this contract-based definition is that it cannot capture the longer run employment trajectory of an individual; it measures labor market status at a single moment in time. All three measures should be associated with positive support for forbearance, but should not predict (or even be negatively associated) with support for formal redistribution. I rescale all categorical independent variables from 0 to 1 to aid in the interpretation of the results.

Table 2.2 presents the results of an ordinary least squares (OLS) regression model. Model 1 shows the barebones model with forbearance as the dependent variable. As predicted, class is associated with less support for forbearance. A move from the lowest to the highest class moves the index of forbearance attitudes by one standard deviation. Educated and older individuals also tend to be less supportive of forbearance, as hypothesized.

Model 2 adds the measure of political ideology. This model is run separately because I lose 15 percent of the data due to nonresponse (multiple imputations of the missing data do not change the results). Individuals who identify with the political Right are about a quarter of a standard deviation less supportive of forbearance, although class remains a significant predictor.

Model 3 adds the variables that affect expectations about the receipt of informal benefits. Past experience as a squatter or street vendor is associated with a half a standard deviation more support on the index of forbearance attitudes. But, even accounting for direct past participation in the activity, class remains a significant predictor of forbearance attitudes. This finding suggests that group-based effects are important as well as direct material benefits. While the measure of informality is not predictive of enforcement or social policy preferences, this may be explained by

the difficulty operationalizing the precariousness of an individual's labor contract. The tenure of average formal sector labor contract is just three years in Latin America, and many workers rotate in and out of the informal sector (Schneider 2013). Whether an individual once resorted to street vending thus may be a better proxy for whether he expects to rely on informal welfare policies in the future.

**TABLE 2.2 Comparing Forbearance and Social Policy Attitudes in Bogotá**

	Forbearance			Social Policy		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Class</i>	-1.010*	-1.008*	-0.865*	-0.507*	-0.462*	-0.485*
	(0.133)	(0.138)	(0.133)	(0.142)	(0.152)	(0.146)
<i>Education</i>	-0.382*	-0.293*	-0.240*	-0.249	-0.329*	-0.239
	(0.139)	(0.146)	(0.139)	(0.150)	(0.161)	(0.154)
<i>Female</i>	0.002	-0.002	-0.007	0.023	0.022	0.029
	(0.062)	(0.066)	(0.061)	(0.066)	(0.072)	(0.068)
<i>Age</i>	-0.516*	-0.545*	-0.426*	-0.138	-0.168	-0.122
	(0.104)	(0.110)	(0.104)	(0.111)	(0.121)	(0.114)
<i>Right</i>		-0.235*			-0.041	
		(0.110)			(0.121)	
<i>Vendor Past</i>			0.468*			0.113
			(0.076)			(0.084)
<i>Squatter Past</i>			0.208*			-0.008
			(0.101)			(0.111)
<i>Informal</i>			0.119			-0.014
			(0.064)			(0.071)
N	869	738	856	875	744	862
<i>R</i> <sup>2</sup>	0.167	0.168	0.213	0.041	0.041	0.040

Notes: \* $p < 0.05$ ; robust standard errors in parentheses; two-tailed tests.

Models 4 through 6 replicate the analysis using social policy attitudes as the dependent variable. As theorized, class is negatively associated with support for social policy expenditures, but it is a weaker and less consistent predictor. The clearest way to see this difference is in the model fit: despite using a battery of social policy questions, demographic characteristics explain less than 4

percent of variation in social policy attitudes compared to 21 percent for forbearance attitudes. These results are consistent with past work on redistributive attitudes. While some scholars find that demand for redistribution is higher among poor individuals (Gaviria 2008; Haggard, Kaufman, and Long 2013; Morgan and Kelly 2010), others find no correlation (Cramer and Kaufman 2011; Dion and Birchfield 2010; Kaufman 2009). In comparing the results to advanced industrial economies, Blofield and Luna (2011: 167) conclude that, while income seems to predict attitudes toward inequality in Latin America, its “significance is less consistent across countries and over time, and the predictive power of the models is weaker overall.”

The other finding of note is that political ideology is not predictive of social policy attitudes. This finding is slightly surprising given the dominant definition of the political Left and Right in Latin America as rooted in different orientations toward the state’s role in redressing economic inequalities (Levitsky and Roberts 2011; Luna and Kaltwasser Rovira 2013). However, much data are lost due to low response rates, and there has been a broad Latin American trend toward clustering at the center of the political spectrum (Dosek 2011; Seligson 2007),

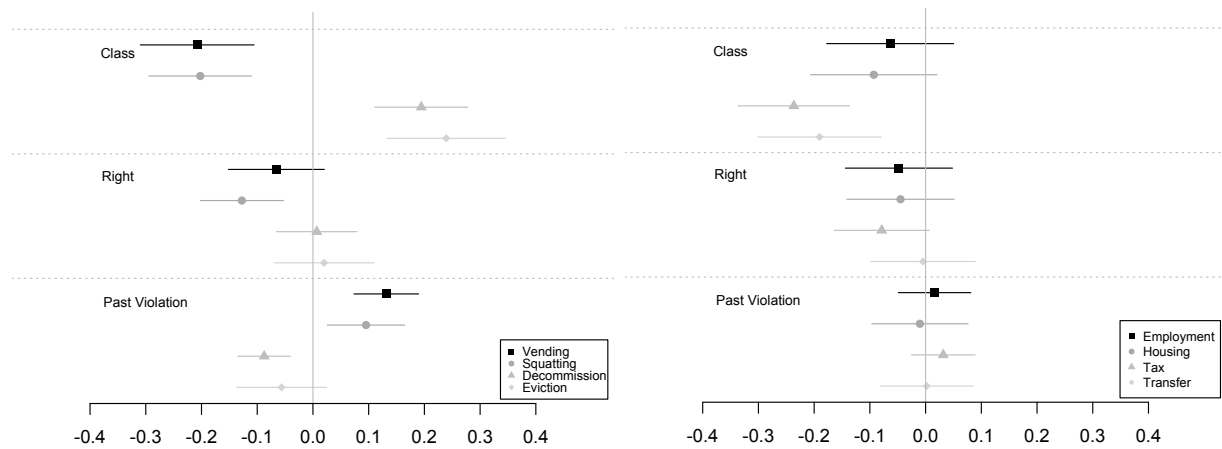
Another way to judge the results, and to give them a more substantive interpretation, is to look at their robustness across survey question specifications. Figure 2.2 presents a plot of the estimated coefficients and 95 percent confidence intervals using individual survey items, rather than the first components, as dependent variables. Only the core coefficients of interests are shown (although the control variables are included in the model). The horizontal axis measures the predicted effect of moving from the lowest to highest class (the class coefficient) for each dependent variable measure. Each question was measured on a 4-point scale running from “strongly disagree” to “strongly agree,” rescaled from 0 to 1. A value of 0.25 means that a move from the lowest to highest class group is associated with a single ordinal category increase in approval for the activity, say from disagreement to agreement.

The left panel shows the results for the questions on law breaking and enforcement. Looking at the results for the class variable, the fact that none of the coefficients cross the vertical line at zero underscores that they are all significant in the direction expected. The coefficients on class for law breaking are negative—meaning that the wealthy are less likely to approve of squatting and street vending—and the coefficients for law enforcement are positive—meaning that the wealthy are more likely to favor decommissions and evictions. These effects are substantively as well as statistically important: nonpoor respondents are roughly one ordinal category less supportive of enforcement than poor ones.

This effect of class is both larger and more consistent than political ideology or past violations of the law. Disaggregating the results by survey question shows that most of the effect of political ideology comes through opposition to squatting, possibly because it represents a more direct threat to private property rights and political order. A typical right-leaning respondent is about half an ordinal category less supportive of squatting than a left-leaning one. Even controlling for class position, direct participation in an illegal activity like squatting or street vending does make an individual about half an ordinal category more sympathetic to legal violations and less supportive of enforcement.

The right panel probes responses to the disaggregated questions on social policy preferences. Breaking down the results by types of social policy helps make sense of the weak effect of class. Consistent with my theory, only in the case of progressive forms of social policy, such as taxation of the rich or cash transfer programs, does class predict policy support. Moving from the lowest to the highest class predicts an ordinal category decrease in support for progressive taxation, as well as cash transfer expenditures. The magnitude of class differences for progressive social policies is on par with those observed for forbearance. In contrast, class is not predictive of support for expenditures on housing or employment, or general inequality reduction and pension expenditures (the latter two

are now shown for purposes of space). Estimating the model separately by types of social expenditures thus allows us to see that the central role that economic progressivity is playing. Some types of economically progressive social expenditures do polarize the electorate, but when asked about redistribution writ large or programs with less clearly progressive effects, class has muted effects.

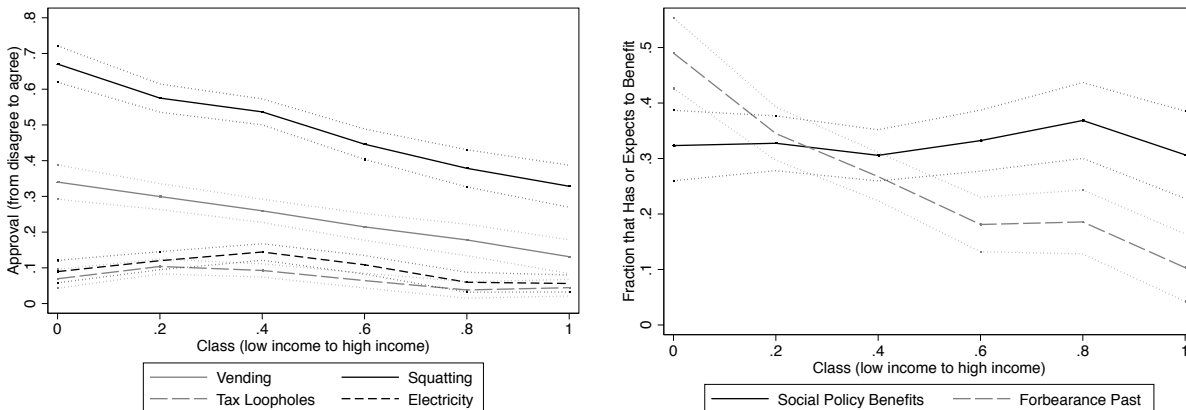


**FIGURE 2.2 Predicted Effects of Class, Ideology, and Past Violations**

Note: Horizontal bars represent 95 percent confidence intervals. Controls for age, education, and gender not shown.

To further probe whether the economic progressivity of forbearance compared to formal social expenditures drives these results, I conduct two additional types of tests. First, my theory predicts that support for legal violations only differs by class when offenses favor the poor. The poor's support for legal violations should not extend more broadly to instances when the wealthy violate the law. This prediction distinguishes my theory from those rooted in legal culture, which hold that the poor are simply less legalistic than the nonpoor. The right panel of Figure 2.3 compares approval for different types of offenses across class groups. The solid lines show approval for legal violations that benefit the poor, squatting and street vending, along with the 95 percent confidence intervals. The level of support for these violations is substantial. It also declines sharply as income increases. In contrast, the dotted lines show support for two legal violations done

by the nonpoor, using business tax loopholes (*Tax Loopholes*) and paying less than registered on industrial electricity meters (*Electricity*). These offenses were selected because they are common infractions with regressive effects. Despite their ubiquity, there is near universal condemnation of these legal violations by poor and nonpoor respondents alike. Thus, consistent with my theory, only legal violations with progressive benefits polarize voters along class lines.



**FIGURE 2.3. Support for Law Breaking (Left) and Benefit Receipt (Right) by Class**

A second way to probe whether differences in economic progressivity undergird attitudes is to look at the fraction of individuals who benefit from social expenditures compared to forbearance. To do this, I asked individuals if they believe that social expenditures benefit “people like them” (*Benefits*). This question is meant to judge perceptions that an individual receives benefits, whether past or future, from the welfare state. The solid line in the right panel of Figure 2.3 reveals that the fraction of respondents who believe that they benefit from social expenditures is amazingly constant across class groups. About a third of poor *and nonpoor* respondents believe that they benefit from state social policies. It is unsurprising that attitudes toward social policy differ little by class when the key mechanism that underpins theories about class-based attitudes—expectations of material benefits—does not vary at all based on class position.

Conversely, the dashed line plots the fraction of the population that has worked as a street vendor or lived in a squatter settlement as a proxy for those who benefit from forbearance. For the

poorest class group, the fraction that concretely benefited from forbearance is larger than those who expect to benefit from social expenditures. This is amazing given the differences in question wording (future versus past benefits) and scope (all social programs versus street vending and squatting). It is consistent with my theory that informal welfare provision can be more important to the lives of the poor than the formal welfare state. Critically, we also can see that the class difference across groups is very sharp for forbearance. Only the poor work as street vendors and squatters—and thus are likely to voice support for forbearance—while all class groups capture some social policy expenditures in countries with truncated welfare states like Colombia.

The basic materialist interest model thus seems to apply once we pay attention to a key assumption that underpins it: that distributive policies provide benefits to the poor. The results show a clear association between class and attitudes for forbearance, as well as other policies like progressive taxation and cash transfers that offer clear benefits to the poor. Class poorly predicts attitudes toward forms of forbearance and social policies with less clearly progressive effects. Many formal welfare benefits in Colombia, as in many other Latin American countries, accrue to formal sector workers. Squatting and street vending, in contrast, offer targeted benefits to the poor. The greater polarization of attitudes around forbearance toward street vendors and squatters thus makes sense when the relative progressivity of social expenditures is considered. I now show that these results are not unique to Bogotá. Class cleavages in enforcement preferences emerge consistently across Latin America, while they do not for redistributive preferences.

## *2.2 Evidence from Latin America*

Operationalizing support for forbearance cross-nationally is not straightforward. Widely administered surveys rarely ask about attitudes toward enforcement. Given these constraints, testing the predictions of my theory with cross-national quantitative data requires some creativity. I make



use of a novel indirect method to measure attitudes toward squatting using public opinion data from AmericasBarometer. I pool the data from the 2008, 2010, and 2012 waves across eighteen countries.

The AmericasBarometer core questionnaire asks respondents to score their approval of “seizing private property or land to protest.” Responses to this question likely reflect three things. First, the question forms part of a block where respondents score their approval of a series of contentious actions on a 10-point scale that runs from “firmly disapprove” to “firmly approve.” Responses thus capture beliefs about the general appropriateness of behaviors that citizens use to achieve their political or social objectives. Second, scores reflect the “response style” of an individual, meaning the tendency to give extreme or moderate answers. Third, the specific question asks respondents to evaluate the inviolability of property. It probes whether private property rights can be sacrificed to achieve other goals. This chapter attempts to isolate this latter aspect. To do so, I create an index of general attitudes toward protest using PCA and then use this index in a first-stage regression to isolate the dependent variable of interest.<sup>5</sup>

In constructing an index of general protest attitudes, the goal is to establish the common determinants of protest approval. Therefore, I include three questions about attitudes toward disruptive or illegal protest: seizing property, blocking roads, and organizing to overthrow the government. I also include three measures that capture approval of legal protests: past protest participation, legal protests, and legal protests by groups that criticize the government.<sup>6</sup>

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<sup>5</sup> Here, PCA is a superior technique to the addition of controls in an OLS style regression because it captures underlying attitudes toward protest behaviors and response styles, rather than opinions about any single type of contentious action.

<sup>6</sup> These are AmericasBarometer questions *e14*, *e15*, *e3*, *prot* (*prot1*, *prot2*, or *prot3* depending on the wave), *e5*, and *d2*, respectively. The phrasing of the protest participation question *prot* has varied by wave. To create a comparable measure across waves, I create an indicator variable *prot* that codes individuals who have participated in a protest in the past twelve months as “1” (participants) and those who have not as “0” (nonparticipants). This is consistent with the *prot3* question from 2010. However, the 2006 and 2008 waves asked respondents if they participated in a protest “a few times,” “almost never” or “never” in the past year. I code respondents who said that they participated “a

Applying the method of principal components, all variables load positively on the first component. This is consistent with the hypothesis that the primary driving factor behind opinions about all protest variables is an overall stance toward contentious actions. I refer to this index as *Protest approval*. This common first component explains roughly a third of the variation in opinions about various protest behaviors in the Latin America wide data.<sup>7</sup> The second component loads negatively for illegal behaviors—seizing property and plotting to overthrow the government—and positively for less disruptive protest behaviors—including peaceful protests and protest participation. Blocking roads falls in the middle with a loading near zero. The second component (*Legality*) appears to capture a common attitude toward law breaking and violence, similar to the index of protest illegality constructed by Opp (1990). While the first component captures general approval of protest, the second seems to align with a stance toward illegal behaviors. Cumulatively, the first and second components explain over half of the variance.

To isolate attitudes toward property seizures, I take the residuals of a regression of the first component (*Protest approval*) on the question that asks for approval of land seizure as protest. The intuition is that the residuals capture the extent to which respondents differ in their reactions to property takings compared to their individual baseline attitudes toward protest. Protest approval explains 68 percent of the variance in property seizure attitudes. In other words, most of the differences between respondents come in their general protest attitudes. The remaining variation represents how individuals' responses change when considering land takings. I use these residuals as

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few times" as participants and those who said "almost never" or "never" as nonparticipants. After comparing the proportions of participants in years when respondents were asked the binary question, I determined that respondents who state that they "almost never" participate most likely had not participated in the year in question. The results are robust to an alternative coding where those who say "almost never" are coded as participants.

<sup>7</sup> PCA analysis disaggregated by country and by year produces similar results with the first component explaining between 29 to 40 percent of the variance.

the dependent variable, *Property seizure*, for the remaining analysis. I also run a different specification of the dependent variable in which I control for both protest approval and the legality of protest behavior, but find no difference in the results.<sup>8</sup>

As above, I compare opinions about squatting to redistributive attitudes.

AmericasBarometer includes very few questions on social policy preferences, but it does include the standard redistributive demand question. This question, also included on my Bogotá survey, asks whether individuals agree or disagree that the government should take actions to reduce inequality (*Inequality*).

My main independent variable is income. Unlike on the Bogotá survey, there are no clear socioeconomic stratifications measured in the AmericasBarometer survey. Instead, respondents self-report their household income range, *Income*, divided in ten categories (and sixteen categories in the 2012 wave). Given the change in methodology, I divide income into deciles, which I rescale from 0 to 1. I also test wealth-based measures for robustness.<sup>9</sup> The coefficient on income should be negative for forbearance toward squatting, given that it is a progressive transfer so support declines with income. I also expect income to predict less support for redistribution, although the effect should be weaker, particularly in countries with truncated welfare states.

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<sup>8</sup> The second component *Legality* is only included as a robustness check because it explains little of the overall variation in property attitudes (2 percent) and does not affect the findings.

<sup>9</sup> Research has shown that expenditure-based economic status indicators are more reliable than income-based indices in developing countries where recall of volatile income flows is often inaccurate and households tend to smooth consumption patterns (Deaton 1997). To alleviate this problem, LAPOP asks respondents to indicate their income range, rather than a precise monetary amount. LAPOP also collects information on household assets with the aim of obtaining consumption-based measures of economic status. A consumption-based measure can be constructed using the first component from a PCA analysis of all questions about household assets. The first component assigns a larger weight to assets that vary the most across households (Córdova 2008). I use the first component in a first-stage regression on income and run the same set of regressions. The results do not change so household income is reported here because it has a more natural interpretation.

I include the same set of core independent variables used above: *Age*, *Education*, *Female*, and *Right*. The question wordings are identical to my survey. One concern with the construct validity of my dependent variable is that urban and rural property seizures are perceived differently. While urban residents squat to secure housing, rural residents tend to take land for subsistence production purposes. Both types of land takings involve distributive claims by the poor so I do not expect substantial differences in attitudes. Nonetheless, given that AmericasBarometer is a nationwide survey, I also include an indicator variable for whether the respondent lives in an urban area as a control (*Urban*).

There are no questions on past history as a squatter or street vendor. Recent waves do include questions on whether an individual works in a business with less than five employees and is a non-professional. This labor status definition of informality is commonly used by the ILO and therefore provides a proxy for informality (*Informal*). Again, my prediction is that individuals in the informal sector often are excluded from formal redistributive policies, and more likely to support land takings. Informal workers should be less sympathetic to state redistribution. As above, I rescale all categorical independent variables from 0 to 1 to create comparable measures.

I estimate a simple OLS regression with robust standard errors, as well as country and time fixed effects (coefficients not shown). The coefficient, say for income, thus represents how a move from the lowest to higher income decile within a given country-year affects attitudes toward property seizures. Table 2.3 presents the results.

Model 1 examines the determinants of attitudes toward forbearance. Consistent with the findings from Bogotá, I find that poor, less educated respondents are more tolerant of squatting across the region. This follows directly from my claim that property seizures constitute progressive transfers and thus gain greater support among the poor. The effect of education is substantively more important than income in the regional results. Moving from having no education to a college

degree is associated with a fifth of a standard deviation difference in the index of beliefs about property seizures. The fact that education is a stronger predictor of property seizure attitudes is unsurprising given the known problems of measuring household income and the importance that even a few years of schooling can make for work opportunities.

**TABLE 2.3. Comparing Forbearance and Social Policy Attitudes across Latin America**

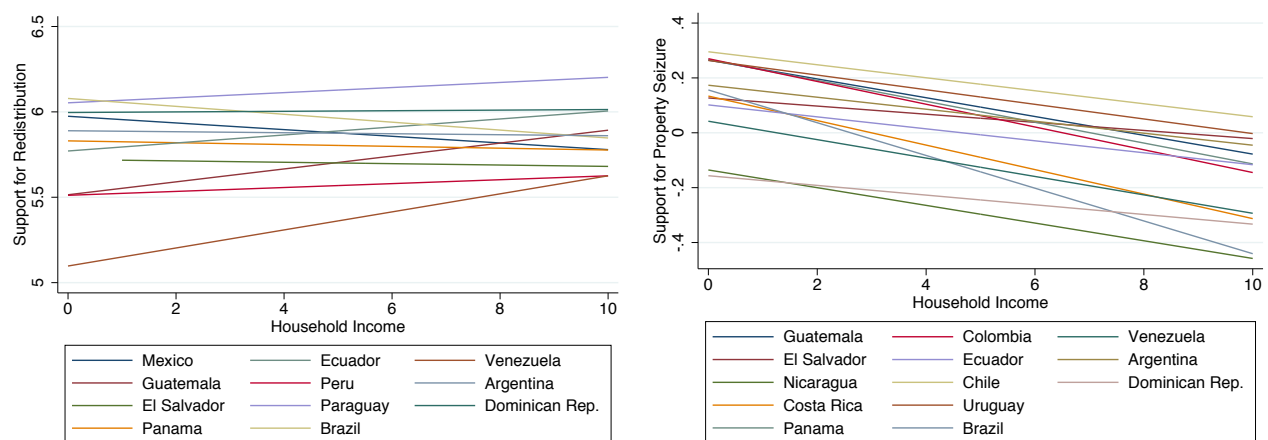
	Property Seizure			Inequality		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Income</i>	-0.070* (0.014)	-0.066* (0.015)	-0.082* (0.019)	-0.018* (0.003)	-0.016* (0.003)	-0.024* (0.004)
<i>Education</i>	-0.187* (0.021)	-0.201* (0.024)	-0.192* (0.027)	0.007 (0.005)	0.016* (0.006)	0.018* (0.007)
<i>Female</i>	0.007 (0.008)	0.015 (0.009)	0.019 (0.011)	-0.006* (0.002)	-0.010* (0.002)	-0.009* (0.003)
<i>Age</i>	-0.084* (0.016)	-0.083* (0.018)	-0.063* (0.023)	0.008 (0.004)	0.009* (0.005)	0.008 (0.006)
<i>Urban</i>	-0.019* (0.009)	-0.018 (0.010)	-0.002 (0.012)	-0.001 (0.002)	0.002 (0.003)	0.005 (0.003)
<i>Right</i>		-0.076* (0.016)			-0.014* (0.004)	
<i>Informal</i>			0.012 (0.012)			-0.003 (0.003)
N	60449	50352	31258	63438	52203	32686
R <sup>2</sup>	0.044	0.047	0.042	0.050	0.052	0.048

Notes: \* $p < 0.05$ ; robust standard errors in parentheses; two-tailed tests; country and year fixed effects not shown.  
Source: AmericasBarometer, Pooled 2008, 2010, and 2012 Waves.

Model 2 shows that identification with the political Right is associated with less support for property seizures in the cross-national data. This result is consistent with my finding in the Bogotá data that political identification most significantly predicts attitudes toward threats to property ownership, while having a less significant association with other enforcement attitudes. Finally, Model 3 tests whether informality is associated with attitudes toward squatting, but finds no effect.

It is possible that measuring informality through self-employment does not adequately capture an individual's labor market or housing experience in a context where more than half of respondents are self-employed.

Models 4 through 6 compare the same specifications for redistributive preferences. Income predicts less support for redistribution in the pooled data, but its effect is small and inconsistent across countries. To visualize the fragility of this result, Figure 2.4 plots support for property seizures and redistribution by deciles of the income distribution and country. The left panel suggests that attitudes toward redistribution show a neutral and sometimes even positive relationship to income in most of Latin America. The positive slope indicates that as one moves up the income scale, support for redistribution actually increases. In separate work (Holland 2013), I show that the coefficient on income is more negative in countries where the welfare state does more to redistribute income. In contrast, the right panel demonstrates that the slope on support for property seizure never reverses: the poor always prefer more land takings than the nonpoor. This follows directly from my claim that property seizures constitute progressive transfers and thus gain greater support among the poor.



**FIGURE 2.4. Support for Redistribution and Property Seizures by Class and Country**

One concern about the dependent variable operationalization is that the AmericasBarometer question does not specify if property seizures involve *the poor* attempting to secure housing or agricultural land. The construct validity rests on the assumption that Latin American respondents tend to associate land takings with actions by the poor and landless. Put otherwise, the claim is that land seizures involve a distributive claim by popular sectors against property holders.

To check the construct validity, I use the AmericasBarometer surveys from Peru in 1996 and 1997. The survey used a more precisely worded question that asked respondents how much they approve of individuals who “invade private property (houses or unoccupied land).” Given that this question excludes the awkward “in protest” phrasing, it permits a more direct analysis of the relationship of interest. The use of the word invasion and clarification that invasions occur for housing purposes also more clearly conjures up images of the poor taking land. Luckily, the survey also included the full bloc of protest questions, which allows me to compare the direct question to my indirect construction using PCA.

Model 1 of Table 2.4 shows the results using the direct question, and Model 2 compares the results for the indirect *Property Seizure* construction. The results are consistent. Income and education predict less support for property seizures in both specifications. This result gives me additional confidence that my measure of property seizures in the cross-national data indeed isolates attitudes about the taking of land. Plus, the direct question phrasing allows me to judge the substantive significance of my results. Poor respondents are four times more likely to approve of land invasions compared to nonpoor respondents. Nonetheless, only 21.2 percent of poor respondents approve of land invasions. The relatively low *level* of approval even among the poor may be explained by the different social norms surrounding the taking of private, rather than state land, as I explore in the next chapter. This estimate also is relatively similar to my findings in the

Bogotá survey, which suggested that 29 percent of poor respondents approved of illegal land occupations, although a much larger fraction opposed evictions.

**TABLE 2.4. Property Seizure Attitudes and Land Invasions in Peru and Brazil**

	Peru		Brazil				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Income</i>	-0.022* (-3.85)	-0.066* (-2.89)	-0.046* (-2.11)	-0.007 (-1.45)	-0.011* (-3.37)	-0.008 (-1.63)	-0.012* (-3.65)
<i>Education</i>	-0.021* (-3.85)	-0.080* (-3.58)	-0.112* (-6.03)	-0.016* (-6.32)	-0.011* (-3.16)	-0.016* (-6.11)	-0.010* (-2.90)
<i>Female</i>	-0.003 (-0.29)	0.078* (2.00)	0.173 (1.50)	0.024 (1.37)	0.023 (1.35)	0.025 (1.47)	0.025 (1.45)
<i>Age</i>	-0.035 (-1.37)	0.049 (0.48)	-0.016* (-3.72)	-0.002* (-2.77)	-0.002* (-2.77)	-0.002* (-2.87)	-0.002* (-2.87)
<i>Urban</i>	0.045* (3.90)	0.046 (0.99)	-0.253 (-1.20)	-0.038 (-1.32)	-0.038 (-1.33)	-0.034 (-1.22)	-0.034 (-1.21)
<i>Income*Invasions</i>				-0.003 (-0.95)		-0.003 (-0.94)	
<i>Education*Invasions</i>					-0.004* (-1.97)		-0.004* (-2.13)
<i>Invasions</i>						0.050* (2.10)	0.068* (2.84)
<i>State Gini</i>						-0.069 (-0.20)	-0.085 (-0.24)
<i>State Poverty</i>						0.001 (0.67)	0.001 (0.68)
Observations	2587	2587	3076	3076	3076	3058	3058
States	—	—	20	20	20	20	20
Model	—	—	—	FE	FE	RE	RE

Notes: \* $p < 0.05$ ; t statistics in parentheses; two-tailed tests.

Source: AmericasBarometer, Peru 1996-97, Brazil 2010. The dependent variable in Model 1 is *Invasions*, Models 2-7 use *Property Seizures* as the dependent variable.



A second way to check the construct validity is to compare attitudes in places that have experienced land invasions by the poor to those that have not. If property seizure attitudes reflect material concerns about redistribution, they should correlate with substantive threats to property. While no region-wide data on land takings exist, I examine this implication using an available dataset on 5,299 rural land invasions from 1988 to 2004 in Brazil (Hidalgo et al. 2010). I expect to see greater approval of property seizure in areas where the poor have claimed land. Land invasions also likely polarize opinions. While the poor may benefit directly or sympathize with the distributive claims of squatters, the wealthy likely see greater dangers to their property in areas where land invasions have occurred.

To test these claims, I run the same basic model for the Brazil data. Additionally, I create a state-level variable of the average number of land invasions per municipality (*Invasions*).<sup>10</sup> My expectation is that higher rates of land invasions are associated with more support for property seizures because the poor are the majority in most states, so the coefficient should be positive. I control for state level characteristics, namely the poverty rate (*State Poverty*) and the Gini coefficient (*State Gini*), because it is possible that states where land invasions occur are poorer and more unequal, and these demographic differences account for the attitudinal effects. I also test whether attitudes are more polarized around land invasions by interacting income and education with the state land invasions variable. The core idea is that class should be more predictive of attitudes in states with higher levels of land invasions. If this is the case, then the coefficient on the interaction between the level of land invasions and class should be negative.

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<sup>10</sup> The original dataset on land invasions was coded at the municipal level, but few municipalities included in the AmericasBarometer survey directly experienced land invasions. Creating a municipal-level measure thus would allow a handful of municipalities to drive the results. Instead, I pool the number of land invasions across the state.

Model 3 in Table 2.4 presents the individual-level results using a standard regression model. It serves to confirm that Brazil looks much like the rest of the region in that class and education predict less support for property takings. Models 4 through 7 are hierarchical models with fixed and random effects, and standard errors clustered at the state level. Hierarchical models are necessary because attitudes are measured at the individual-level, but my key independent variable—land invasions—is measured at the state level. In both the fixed and random effects models, the interaction between invasions and education is negative, which means that education more strongly predicts opposition to land invasions in states with more invasions have occurred. While the interactive coefficient of income and invasions is correctly signed, it does not reach conventional levels of statistical significance. Due to the problems measuring household income, also seen in the region-wide data, it is not surprising that education is a better predictor than income. In the random effects model, the coefficient on land invasions is positive. States with more land invasions have higher levels of support for property seizures on average, as expected given that the poor are in the majority. These observations—that a higher frequency of land invasions in a state is associated with greater polarization in attitudes by class groups and more support for property seizures on average—increase my confidence that I am measuring attitudes toward property takings by the poor, and that these attitudes correspond to real experiences with squatting in the region.

Taken together, these results confirm my core finding that the poor are more supportive of law breaking than the nonpoor, and that this effect is consistent across country context. By comparing enforcement to redistributive preferences, I suggested that differences in economic progressivity explain why beliefs about social policy are less tightly tied to class than for forbearance. I found robust evidence for my hypotheses using a battery of questions about legal and social policy attitudes in Bogotá. While constrained by data availability, I developed an innovative, indirect measure of support for property takings and showed that income also predicts enforcement

attitudes against squatting across countries in Latin America. Additionally, I showed that these effects held using a more direct operationalization of support for property takings in Peru. More than cheap talk on a survey, I used data on land invasions in Brazil and found support that attitudes reflect lived experiences with land invasions. These class-based differences support my broader theoretical claim that politicians face very different incentives to enforce the law depending on whether their core constituencies are poor or rich.

### **3 Social Policy Substitution**

Material interests do not exhaust the determinants of individual preferences. This section evaluates the claim that the social policy context shapes attitudes toward compliance and enforcement. The basic argument is that opinions about informal welfare turn on whether individuals *need* to violate the law because the state fails to provide them other welfare alternatives. I consider three empirical implications of this proposition. Individuals should be more supportive of forbearance when they have 1) worse evaluations of the state's distributive capacity, 2) less direct experience with substitutive social policies, and 3) information that social policies do not reach the poor. I examine each of these implications in turn. I concentrate on attitudes toward squatting in this section, given that the social policy substitute (housing policy) is clearer than in the case of unlicensed street vending.

#### *3.1 Perceptions of Distributive Capacity*

First, I examine the correlation between an individual's assessment of state distributive capacity and informal welfare attitudes. I measure perceived access to housing by asking whether individuals agree with the statement, "The poor sometimes need to invade land to access housing"

(*Housing Need*).<sup>11</sup> I expect individuals who perceive greater obstacles for the poor to access housing to be more tolerant of squatting and less supportive of evictions. In the context of squatting, another measure of support comes from beliefs about property titling (*Titling*). The provision of property titles legitimizes squatting as a way to acquire housing. I expect individual who have better perceptions of state housing options will be less supportive of the provision of property titles to those who have invaded land. I control for the demographic characteristics that I expect to condition enforcement attitudes used in the previous section (class, education, gender, age, having lived in an informal settlement).

Table 2.6 presents the results. Encouragingly, beliefs that the poor do not have housing options are associated with more sympathy for the violation of the law (squatting). Model 1 shows that moving from a belief that the poor have housing options to a belief that they poor have no other way to access housing is associated with an increase in support for squatting of about half an ordinal category. It has an even bigger impact on support for the provision of property titles, shown in Model 2. Individuals who believe that the poor have no other housing options are more than a full category more supportive of the provision of property titles. The provision of property titles can be thought of as a proxy for approval of squatting and also can help people who are sympathetic to the poor and supportive of the rule of the law to reconcile their beliefs. Finally, Model 3 shows that the belief that the poor do not have other housing options is associated with about half an ordinal category less support for evictions. The only other effect of interest is that a personal experience of squatting actually makes individuals slightly less supportive of squatting in the abstract, although it has no relationship with approval for property titling or evictions. This finding may reflect that individuals who live in squatter settlements suffer many of the negative externalities of

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<sup>11</sup> I present the results in terms of *Housing Need*, but I also examine another formulation that, “The right to dignified housing is a reality for the poor in Bogotá” (*Housing Right*) with similar results.

additional land occupations, although they also are ambivalent about enforcement actions.

In the Latin America-wide data, there are no specific questions on state housing provision. Several questions help approximate this idea. My substitutive logic suggests that individuals who support the idea that the *state* should promote a more equal distribution of resources should express skepticism toward informal redistributive channels. The belief that the state should take responsibility to reduce inequality (*Inequality*) should be associated less support for squatting. Of course, this question does not capture whether the state actually manages to provide social alternatives to the poor. AmericasBarometer also asks respondents to evaluate the extent to which the government combats poverty, ranging from “not much” to “a lot” (*Effort*). I predict that individuals who believe that the government effectively combats poverty should be less supportive of forbearance as a way to aid the poor. The drawback is that responses about the extent of effort to combat poverty do not reveal whether individuals believe that more still needs to be done. As such, I create an indicator variable for individuals who both believe that states should take steps to reduce inequality and that they do not at present (*Social deficit*). This comes the closest to capturing the idea of unmet needs motivate support for forbearance. Individuals who both believe that the government should reduce inequality and that it does not should be most sympathetic to property seizures, even if holding those beliefs independently has divergent effects. I expect that these individuals who perceive a social deficit will support efforts to seize resources informally and therefore the coefficient will be positive.

Models 4 through 6 show the results of these analyses. The findings are mixed. As expected, individuals who attribute greater responsibility to the state in guaranteeing individual wellbeing are less supportive of property seizures. This finding coincides with the idea that informal transfers are more attractive to individuals who believe in a minimal state. However, I find that individuals who think that the current administration combats poverty are more supportive of

property seizures. This finding goes against my expectations. It partially can be reconciled when considered alongside the social deficit variable. I find that a gap in an individual's desired level of redistribution compared to the perceived reality is associated with more support for property takings. Thus, while less clear-cut, these findings—combined with those from Bogotá—largely support my logic of social policy substitution in which citizens support forbearance when formal distributive channels do not offer sufficient alternatives to the poor.

**TABLE 2.6. Distributive Capacity and Forbearance Attitudes**

	<b>Bogotá</b>			<b>Latin America</b>		
	Squatting (1)	Titling (2)	Evictions (3)	Property Seizure		
				(4)	(5)	(6)
<i>Class</i>	-0.190* (0.047)	-0.184* (0.053)	0.221* (0.055)	-0.076* (0.014)	-0.090* (0.015)	-0.092* (0.015)
<i>Education</i>	-0.028* (0.050)	-0.125* (0.055)	-0.030* (0.058)	-0.179* (0.021)	-0.212* (0.022)	-0.216* (0.022)
<i>Female</i>	-0.000 (0.021)	0.021 (0.024)	-0.002 (0.026)	0.005 (0.008)	0.012 (0.009)	0.012 (0.009)
<i>Age</i>	-0.011* (0.037)	0.004 (0.041)	0.130 (0.043)	-0.081* (0.016)	-0.094* (0.018)	-0.091* (0.018)
<i>Squatting Past</i>	-0.093* (0.035)	-0.017 (0.039)	-0.053 (0.041)			
<i>Housing Need</i>	0.076* (0.035)	0.272* (0.039)	-0.096* (0.041)			
<i>Urban</i>				-0.022* (0.009)	0.003 (0.011)	0.003 (0.011)
<i>Inequality</i>				-0.377* (0.016)	-0.542* (0.018)	-0.512* (0.019)
<i>Effort</i>					0.251* (0.015)	0.313* (0.019)
<i>Social Deficit</i>						0.089* (0.016)
N	868	859	862	59540	46744	46744
R <sup>2</sup>	0.069	0.108	0.046	0.053	0.070	0.071

Notes: \* $p < 0.05$ ; robust standard errors in parentheses; two-tailed tests.  
Country and year fixed effects not shown for Latin America-wide data.

While these attitudinal measures confirm my hypotheses, they have severe limitations. Despite controls, it is hard to know whether individuals with varying beliefs about the housing needs

of the poor differ in other ways that drive their enforcement attitudes. Simply showing that attitudes cluster together also tells us nothing about the direction of causality. Individuals may justify their legal attitudes by exaggerating their perceptions of the needs of the poor, which suggests that the causal relationship between legal attitudes and perceived state capacities is reversed. A pair of experimental approaches based in a quasi-experiment and a survey experiment better helps me separate the impact of social policy context.

### *3.2 Social Policy Experience: A Quasi-Experiment*

Another way to observe if substitutive social policy reduces sympathy for offenses is to exploit spatial variation in how states target their social expenditures. In particular, a quasi-experiment emerges from the placement of state housing projects in Bogotá. I call this a quasi-experiment, rather than a natural experiment, because it falls short of the key condition that the assignment of treatment—in this case, the placement housing projects—is “as if” random (see Dunning 2008 on this distinction). The idea is to compare individuals who have been exposed to housing projects with those who have less experience. If, relative to other residents in the city with similar demographic characteristics, the attitudes toward squatting and enforcement are different in districts where housing projects have been built, this is suggestive evidence that the social policy context affects enforcement attitudes.

Housing projects have been concentrated unevenly across space in Bogotá for largely exogenous reasons related to the structure of private land ownership. Housing projects have been built in just two districts: Bosa and Usme. These can be thought of as “treated” districts. Now, where governments place housing projects is not entirely random because they tend to be placed on the urban periphery where land is cheap. In the case of Bogotá, there are five potential sites for large-scale housing development within the city limits (Bosa, Ciudad Bolívar, Rafael Uribe Uribe,

Suba, and Usme). My claim is that *among these districts* the placement of housing projects occurred for reasons unrelated to the factors that impact enforcement attitudes. Aggregating land for housing projects runs into severe hold-out problems and projects proceeded based on whether large landowners were willing to sell their land to the state. Former Mayor Antanas Mockus describes the geographic concentration of housing assistance based on where land first became available:

“Understanding that [the Samper government] could not approach universal provision, the government decided they were going to manage projects in a few districts of the city, and not discriminate between poor applicants within those districts. And basically, they managed to build projects in Bosa and Usme because they got land there first, and that pattern has continued...That meant that the poor from Suba, for example, and Ciudad Bolívar accepted, or rather their community leaders accepted, that they were left outside of the housing programs.”<sup>12</sup>

Observations of how the city chose sites for housing projects is plausibly consistent with random assignment at least among the candidate districts. Nonetheless, with one exception, the non-treated districts were more economically developed, and had fewer squatters than the selected districts. Thus, there are doubts about the degree to which control units can credibly proxy for treated units’ counterfactual outcomes. Given these concerns, the best that I can do is use matching to test whether individuals who live in districts that received housing projects—but are similar on all other observable characteristics—are more supportive of evictions compared to individuals that live in districts that were considered but did not receive housing projects.

To do this, I use coarsened exact matching to control for the observable characteristics that affect opinions toward squatting, namely class, political ideology, education, and past participation in illegal land occupations.<sup>13</sup> Using the matched individual-level data, I then estimate the impact of

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<sup>12</sup> Author interview with Antanas Mockus, Mayor (1995-97, 2001-03), Bogotá, Colombia, July 29, 2013.

<sup>13</sup> I also match by demographic characteristics in the full sample. I find the same results: residents of these districts are less supportive of evictions and housing expenditures, and more likely to believe that the poor need to occupy land to access housing.



living in a district that received a housing project compared to living in the other three candidate districts.

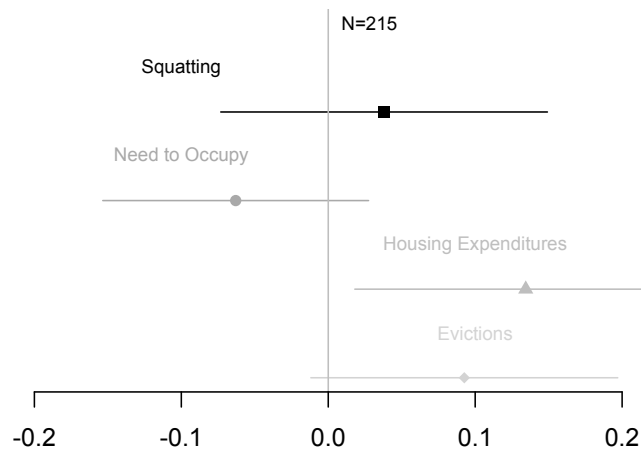
Figure 2.5 displays the estimated attitudinal differences of living in a district with housing projects compared to a district that was considered but did not receive housing projects for matched individuals. The results are mixed. Although I do not find effects of living in a district with housing projects on approval of squatting or perceptions that the poor sometimes need to occupy land informally, individuals in treated districts are about half an intensity category more supportive of housing expenditures.<sup>14</sup> They also are more supportive of evictions of squatters, although the result falls just below conventional levels of statistical significance.

In short, the placement of housing projects provides suggestive evidence that state social policies can shape support for enforcement, consistent with the individual-level observational results. The fact that the results are weak is unsurprising given that housing expenditures on the poor in Bogotá have been relatively small, as I describe in the next chapter, so the treatment was weak. Only 1 percent of individuals included in the sample have ever even applied for housing assistance. As we will see in the next section, individuals are deeply skeptical that the state can address the poor's housing needs, despite a few large housing projects. A more decisive future test may look at cities with larger scale housing expenditures.<sup>15</sup> I now turn to a third method to evaluate whether social policy substitutes can change attitudes toward enforcement.

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<sup>14</sup> While these results are statistically significant at the 10 percent level, the actual “treatment unit” is not the individual, but the district. Conventional standard errors thus underestimate the standard deviation of the estimators (Bertrand, Banerjee, and Mullainathan 2004). The small sample size—only 215 matched observations—means that these results would lose statistical significance with district-level controls. What I am interested in, however, is simply the direction of the effects.

<sup>15</sup> Another shortcoming of these results is that theories based on contextual variables face difficulties of selection. Individuals almost always have some degree of autonomy about where they choose to live. Perhaps the type of individuals who choose to live in districts with state housing projects differ in other unobservable ways—for instance, they may be more economically secure or attentive to the quality of state services—than those who live in districts that have not received housing investments.



**FIGURE 2.5. Mean Difference and Confidence Intervals Between Living in a District With and Without Housing Projects in Bogotá**

### *3.3 Social Policy Salience: A Survey Experiment*

To further try to isolate the impact of housing expenditures on attitudes, I attempted an informational survey experiment. It is hard to vary actual elements of the policy environment so an alternative is to make salient information about that environment to see how making individuals aware of the social policy context changes attitudes. In this spirit, I tried to make salient information about the targeting of housing policy and randomize the treatment at the individual-level in a survey experiment. My hypothesis is that information about the housing options available to the poor will increase support for enforcement against squatters, just like living in a district with housing projects shows to residents that the poor have formal options to access housing.

Survey and lab experiments have had some success observing how attitudes change in response to information about social policy progressivity. Citizens often are unaware of who benefits from social policy programs. Mettler (2011), for example, finds that less economically

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In an ideal world, I would compare the evolution of public opinion in districts that received housing projects to the evolution of opinion for a control group that did not receive housing projects. Unfortunately this is not possible here due to the timing of housing project investments and data constraints.

progressive programs are less popular when their distributive effects are emphasized in a survey experiment. Faricy and Ellis (2013) also use experiments on a sample of undergraduates to evaluate the impact of information on policy progressivity on expenditure preferences. They find that regressive programs are less popular when their distributive effects are revealed to respondents, and changes in information about the extent of redistribution matter most to Democrats. Other scholars have less success changing attitudes and actions through informational interventions. Kuziemko et al. (2013: 3) find that policy preferences toward the minimum wage and taxes are surprisingly “sticky” even to what they call “relatively aggressive informational treatment.” Lieberman, Posner, and Tsai (2013) found no effects of providing parents information on their children’s educational performance. They use the null result to highlight that informational interventions only work in motivating action under several conditions, including that the information is understood, new, and able to cause people to update their priors. Thus, informational treatments can have some—but variable—success in changing contextual beliefs and thus attitudes.

The experiment that I designed provided three types of information on housing policy. The first control condition provides basic information on housing subsidy programs in Colombia. The targeted treatment condition adds information on subsidy targeting and tells respondents that nine out of ten housing subsidies go to poor families. The truncated treatment condition tells respondents that nine out of ten houses contracted by the government go to the middle-class families. All three pieces of information are roughly accurate. As I describe in greater detail in the next chapter, housing subsidies in Colombia overwhelmingly are allocated to poor families. Most poor recipients then fail to use the subsidies because they require access to complementary bank loans and savings. Thus, the houses constructed by the government have largely been distributed to lower-middle-class families. Contingent on the ability of information about subsidy programs to

change priors about housing availability for the poor, my expectation is that individuals who receive the information that housing programs are targeted to the poor will be less sympathetic to squatting and more supportive of evictions.

Unfortunately, my results suggest that opinions about the poor's housing options are very hard to change. There was no impact of any of the informational treatments on perceptions that the poor have formal housing alternatives. All class groups are skeptical that the poor have ways to access housing other than informal land occupations. Given the failure of information to change perceptions of housing availability, the experiment does not provide a test of my hypothesis that improved perceptions of housing options result in greater support for enforcement. Unsurprisingly, there are no differences in attitudes toward illegal land occupations, property titling or evictions across the treatment conditions.

In some ways, this null result is reassuring in that it suggests that housing attitudes are relatively stable. Individuals have some sense of how hard it is to obtain housing in their society and barebones information cannot change their beliefs. The lack of an effect may show how difficult it is to shift mass beliefs that housing programs can provide for the needs of the poor, given decades of lousy programs in Colombia. Alternatively, it also is possible that the information simply was too complex for respondents. However, were the design of the informational intervention the problem, I would expect that upper income, educated respondents would have been swayed by the prompts due to a greater ability to process complex information. Instead, I find no difference in their opinions.

To wrap up, this section tested my hypothesis that the social policy context—and specifically, the availability of state housing options—shapes mass support for forbearance. I provided two types of suggestive evidence for this relationship: 1) individuals who have more positive assessments of state housing programs or perceive fewer defects in state welfare programs

are more supportive of enforcement, and 2) individuals who live in districts that have received housing projects in the past are more supportive of evictions and state housing expenditures relative to individuals with similar demographic characteristics in other districts. An experimental test of the role of substitutive social policy failed due to the difficulty of shifting citizens' beliefs about housing availability through information alone. All Colombians seem to be pessimistic about the availability of housing for the poor. While imperfect, these tests lend some support to my hypothesis that forbearance acts as a substitute form of informal welfare provision in contexts where formal welfare alternatives lag. The next chapter returns to these issues in the natural world to show that the availability of housing programs alters how politicians make enforcement decisions. Next, I consider what enforcement signals about politicians in a weak social policy context.

#### **4 Distributive Signals**

Even if citizens understand the distributive functions of forbearance, it does not necessarily follow that they hold politicians responsible or change their voting behavior in response to enforcement choices. This section explores my final hypothesis: that politicians who propose forbearance are identified as sympathetic to the poor's broader distributive interests, while those who run on enforcement platforms are viewed as anti-poor. Given the progressive and more credible nature of the benefits from forbearance, I expect that enforcement is a clearer cue about distributive commitments than traditional social policy platforms.

To understand what enforcement conveys about a politician to the public, I designed a survey experiment. This experiment draws on a tradition of using hypothetical candidates to isolate the effects of policy (or personal characteristics) on voter evaluations and behavior (for recent examples, see Dunning and Nilekani 2013; Weitz Shapiro 2011; Hidalgo and DeFiguereido 2012).

Each survey respondent heard two short statements about a hypothetical candidate considering a run for city mayor. The combination and order in which they heard the candidates varied. All of the statements were loosely based on actual candidate proposals from past mayoral elections. Individuals heard one vignette about a candidate with a plan for pro-poor job creation (*Pro-Redistribution*) or pro-business investment (*Pro-Business*). My goal was to simulate a classic Left-Right division on employment issues. The vignettes read as follows:

*Pro-Redistribution:* As a City Councilor, the candidate **criticized the lack of projects for vulnerable sectors of the population**. If he were mayor, he would promote **social inclusion**, and specifically, **invest in government employment programs to help unskilled workers find jobs**.

*Pro-Business:* As a City Councilor, the candidate **criticized the lack of projects to generate private sector investment**. If he were mayor, he would promote **economic development**, and specifically, **cut government bureaucracy to help businesses grow and generate jobs**.

In addition, individuals evaluated a candidate with a plan for either forbearance or enforcement against unlicensed street vendors. As with real politicians, the forbearance vignette does not state that the mayor will not enforce the law, but rather that he opposes enforcement and will privilege workers' rights:

*Forbearance:* As a City Councilor, the candidate **criticized the abuses of previous mayors against unlicensed street vendors**. If he were mayor, he would **respect the rights of workers in the informal economy until the government provides other job alternatives**.

*Enforcement:* As a City Councilor, the candidate **criticized the permissive attitude of previous mayors against unlicensed street vendors**. If he were mayor, he would **work for greater order in the streets and clear out unlicensed vendors**.

Respondents assess the candidates separately, rather than through a matched comparison in order to avoid framing effects. If respondents were to see both candidate pairs, they may attempt to make their answers consistent by preferring the perceived left-leaning candidate in both cases. The

groups hearing each candidate prompt were balanced with respect to class and other pretreatment covariates.<sup>16</sup>

After being read a candidate's position, voters were asked to evaluate how likely they found the following three statements, on a four-point scale running from "highly unlikely" to "highly likely":

*Pro-poor.* How likely is it that the candidate promotes the interests of the poor?

*Benefits.* How likely is it that the candidate promotes the interests of people like you?

*Vote intention.* How likely is it that you would vote for this candidate for Mayor?

The first pair of questions is intended to tap into representation and expectations of benefits, whereas the last gets at vote intention. Finally, respondents place the candidate on a five-point ideological scale ranging from "Left" to "Right." I rescaled all the dependent variables from 0 to 1 for comparability's sake.

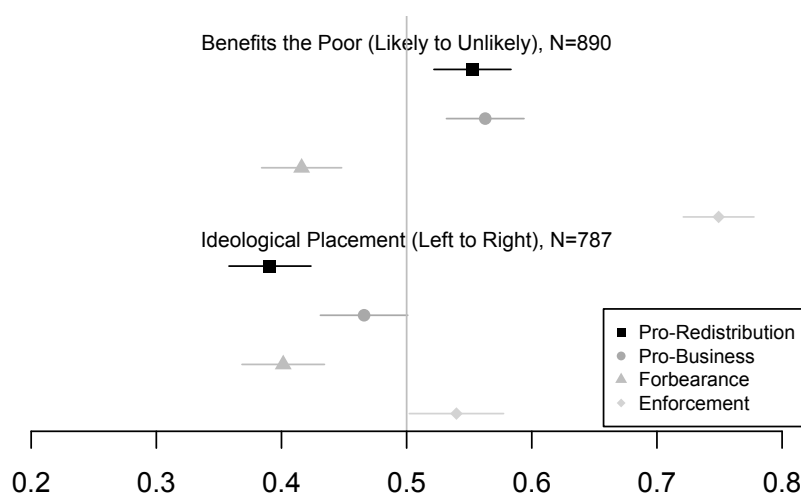
Figure 2.6 shows the perceived likelihood that the candidate will promote the interests of the poor, and the ideological placement. The plot shows the mean response and standard deviation by candidate. The results strongly confirm my hypothesis that enforcement/forbearance messages send clearer anti/pro-poor cues than traditional social policy platforms. While both traditional social policy candidates are perceived as slightly unlikely to favor the poor's interests, and there is no significant difference in means, the forbearance candidate is perceived as significantly more likely to favor the poor's interests than any of the other candidates. Meanwhile, the enforcement candidate is viewed as extremely unlikely to favor the poor's interests.

The ideological placement of candidates shows similar trends. Both the pro-redistribution and forbearance candidates are perceived as representing the center-Left, but unlike with the perception of pro-poor benefits, there is no distinguishable difference between them. The pro-

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<sup>16</sup> See Appendix A for significance tests for differences of means using standard *t*-tests, as well as *p*-values based on permutation tests.

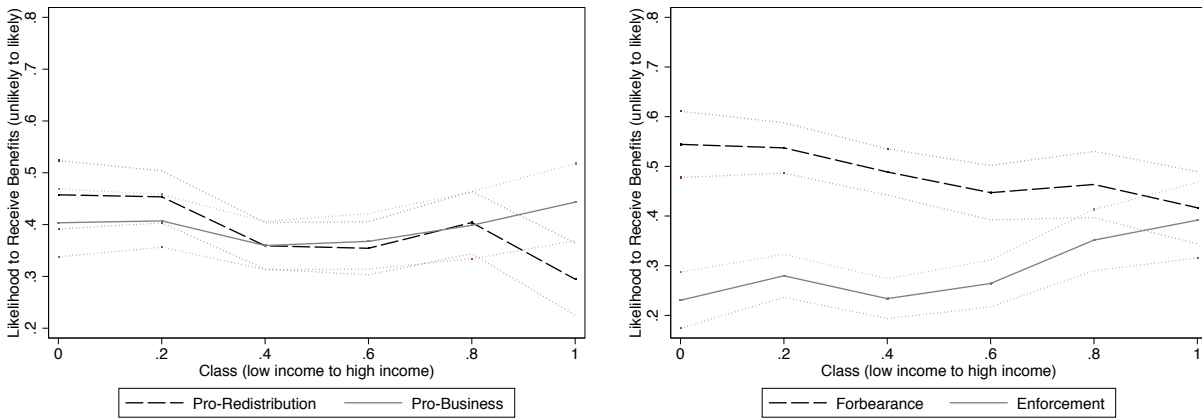
redistribution and forbearance candidates are placed further to the left than the enforcement and pro-business candidates. However, the enforcement candidate is identified as significantly farther to the right than the pro-business candidate.



**FIGURE 2.6. Perceptions of Distributive Benefits and Ideological Placement by Candidate**  
 Note: Mean and 95 % Confidence Interval by Candidate Statement.

Both candidate pairs elicit “correct” Left-Right placements from upper income respondents. But the forbearance-enforcement candidate pair is correctly identified much further down the income spectrum. Poor respondents struggle to distinguish the ideological placements of the redistribution/business pair. Nonresponse on political ideology questions, however, is a major problem among low-income respondents (22 percent of the data is lost) compared to the highest income bracket (2 percent of the data is lost). The terms Left-Right, unsurprisingly in the Colombian context, are confusing or meaningless to many poor citizens. Nonetheless, the idea of pro/anti-poor candidates evokes clear opinions across the income spectrum, and leads to a strong identification of forbearance candidates as supportive of the poor and enforcement candidates as against their interests. This signaling helps make sense of why the poor may support forbearance even when they are not direct beneficiaries.





**FIGURE 2.7. Perception that Candidate Will Benefit Respondent’s Group by Class and Statement**

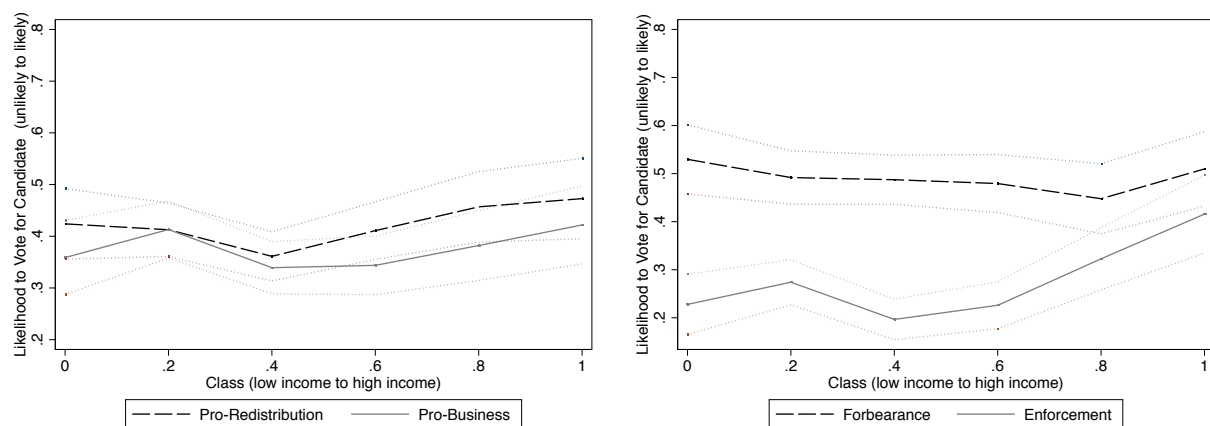
Consistent with my theoretical expectations, the candidate statements impact poor and nonpoor voters differently when respondents are asked whether the candidate would support “people like you” and whether they would vote for the candidate. The phrase “people like you” is left deliberately vague so individuals can interpret their own class position or alternative identification (Dunning and Nilekani 2013). The idea is to allow respondents the flexibility to judge the candidate that they perceive as closest to their interests.

Figure 2.7 shows that the poor perceive large differences in the candidates’ likelihood to benefit people like them. The poor believe that the forbearance candidate is more likely to benefit them by a wide margin compared to the enforcement candidate. In contrast, the candidates with social policy promises are perceived as equally likely to benefit all class groups. Again, this may reflect the fact that social policy promises are not credible, even when they are pitched as targeted ways to assist the poor.

For upper income respondents, perceptions of the candidates’ likelihood of benefitting them are indistinguishable for all the candidates. This lack of differentiation for upper class respondents goes against my theoretical predictions, given that I expected the enforcement candidate to be

associated with modern, middle-class values, and thus to be perceived as representing the middle class.

Lastly, respondents across the class spectrum say that they are equally likely to vote for the pro-redistribution and pro-business candidates, as seen by the flat lines on the left panel in Figure 2.8. In contrast, class strongly predicts an individual's intention to support the enforcement or forbearance candidates. The poor are more likely to vote for the forbearance candidate over any other candidate presented, and significantly less likely to vote for the enforcement candidate. There are no significant differences in the willingness of respondents at the top of the income distribution to vote for any of the candidates.



**FIGURE 2.8. Likelihood to Vote for Candidate by Class and Position on Street Vending and Employment**

There are several possible explanations for why no differences are detected for upper class groups. First, the nonpoor may not view street vending as an issue and thus disregard information about a candidates' enforcement position. But nonpoor respondents are likely to care about business issues, and therefore should have responded to the pro-business prompt. A second explanation is that nonpoor respondents tend to know more about politics, which makes their preferences harder to alter through skeletal candidate information in the context of a low stakes

survey experiment.

In sum, the experimental results largely support the idea that enforcement signals the distributive positions of candidates, and that it does so more powerfully than traditional social policy platforms. The main drawback, as with all experimental work, lies in the generalizability of these claims. While hypothetical candidates, these vignettes invoke associations with real politicians. Zaller and Feldman (1992) argue that citizens draw on known-frames and experiences to answer even abstract survey questions. As Chapter 4 illustrates, Bogotá has elected mayors with sharply divergent positions on street vending issues that likely resonate with the vignettes. The mayor who pursued forbearance, Luis Garzón, is identified with the poor, workers, and the labor-based Left. The mayor who enforced, Enrique Peñalosa, is an iconoclast, although many poor citizens associate him with traditional elites who less clearly defend their interests. Running the same experiment in Mexico City or San Salvador where center-left mayors (Marcelo Ebrard and Héctor Silva, respectively) evicted street vendors could attenuate the observed relationships between forbearance and pro-poor positions. In other words, the experiment may pick up the specific associations made by voters in Bogotá, rather than a more general trend of how enforcement attitudes motivate the poor's political behavior. The methodology developed here could be tested elsewhere to understand the generalizability of associative signals to other country contexts.

Another potential concern is that quirks of language artificially induce the gap between social policy and enforcement candidates in an experimental setting. Enforcement positions may polarize politics because the hypothetical enforcement/forbearance candidates involved phrases like “order” and “abuses” that could induce strong reactions. However, these vignettes are drawn from candidate platforms from past elections and were actually deliberately toned *down* not to include even stronger phrases like “use of police force” and “social clean up,” as some past candidates have done. It also was not clear a priori that phrases included in the social policy vignettes like

“vulnerable sectors,” “unskilled workers,” and “private sector business” would not generate equally strong reactions. Overall, it is possible that semantic reasons inclined citizens to react more strongly to the enforcement/forbearance candidates. But attempts were made to use comparable language drawn from real-life campaigns. Moreover, the power of enforcement-related language is part of the reason that it can be an important electoral strategy. Further dilution would stray from my argument’s premise that enforcement requires the use of coercive force against the poor, and thus conveys a politician’s class commitments.

A final limitation of this approach is the “competing frames” problem. Druckman (2004) shows that the effects of frames disappear when individuals are exposed to different frames. It is hardly true that most of the time individuals have a single piece of information about a candidate, and use that information to assess candidate attributes. This experiment cannot distinguish how enforcement combines with social policy information to alter candidate perceptions. Future examinations of enforcement cues may rely on conjoint analysis to combine policy information with other demographic characteristics and policy proposals of candidates. Still, the goal of this experiment was to show that candidate information *can* have the hypothesized effects on distributive perceptions and vote choice. If enforcement positions were unable to communicate candidates’ distributive commitments, particularly to poor voters who are at the core of my theory, it would have been disconfirming evidence of a signaling mechanism. Studies of the natural world, as presented in the next chapters, are necessary to understand when and how enforcement information actually serves this role in political life.

## **5 Conclusions**

This chapter explored the individual-level determinants of enforcement preferences. Original and cross-national survey data, as well as experiments, allowed me to show how

enforcement pressures vary with individual and contextual variables. The core finding is that the poor support less enforcement than the nonpoor, but only for offenses that offer progressive distributive benefits. Individuals also are less supportive of enforcement in contexts where the state is perceived to provide social policy substitutes for the distributive demands leveled through law breaking. The results presented cast considerable doubt on claims that broad cultural characteristics can explain weak support for law enforcement in Latin America. Forbearance also tends to be favored by the poor as a group, not just by those who directly violate the law and plausibly exert interest association pressure. Material interest theories imported from the study of redistributive preferences help to make sense of popular pressures for informal modes of redistribution.

The empirical results also suggest that politicians will worry about what enforcement signals about their broader welfare agenda. Forbearance platforms convey a politician's commitment to the poor and, at least in an experimental context, are more likely to win the support of poor voters. Systematic variation in enforcement attitudes by class, and clear consensus about what enforcement signals to voters, means that politicians plausibly can use voter demographics as a heuristic for the electoral repercussions of their policy choices. Building from this micro-foundation, it follows that politicians' incentives to enforce will vary depending on the demographic composition of the electoral district where they seek office and the centrality of poor voters to their winning electoral coalitions. Subsequent chapters explore how politicians make choices depending on their calculations about the electoral and reputational repercussions of enforcement in the real world.

It may seem unsurprising that the rich are more enthusiastic about property law enforcement and politicians who support it. But, this chapter also highlights that income does not fully account for enforcement attitudes. Beliefs about the functioning of the welfare state play a role in how citizens view squatting and street vending. The next chapter on squatting dives further into how the availability of housing policy affects mass pressures and thus politicians' enforcement choices.

### Chapter 3

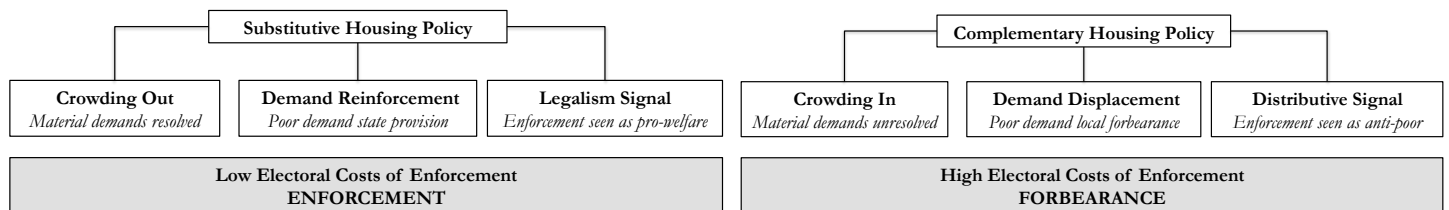
## Housing the Poor

“The only way to compete with a free house is with an almost free house.”  
— Coordinator of Social Policy, Finance Ministry, Chile

Most of this study focuses on how electoral incentives determine enforcement at the city and district level where urban property law violations occur. But local enforcement decisions do not occur in a vacuum. This chapter demonstrates how *national* social policy choices crucially determine the *local* electoral costs of enforcement, and therefore help to explain why some governments enforce the law and others do not. Here, I focus on a common property law violation by the poor, squatting, because it has a well-defined welfare substitute, housing policy. Squatting also occurs in poor areas on the urban periphery, leading electoral geography to have more muted effects.

This chapter argues the social welfare context better accounts for variation in enforcement than explanations rooted in administrative capacity alone. More specifically, I argue that national housing policy decisions affect subnational politicians' enforcement incentives through three channels laid out in Figure 3.1. First, intuitively, in-kind housing expenditures on the poor—or what I refer to as *substitutive housing policy*—directly “crowd out” the need to occupy land illegally and reduce demands for forbearance. National governments that spend minimal resources or primarily aid the middle class, what I call *complementary housing policy*, create inverse material pressures. The poor access housing through illegal land occupations and demand forbearance toward them. But, even with generous welfare policies, countries rarely sop up all land claims and squatting can remain attractive compared to state housing projects. The second mechanism through which social policy affects enforcement concerns the target of mass demands. Substitutive policy concentrates demands and organizing on national housing authorities. In contrast, the insufficiency of housing policy leads citizens to expect little from national programs and displaces demands to local politicians who

control enforcement. Third, housing policy changes the electoral signals conveyed by enforcement. When the state provides housing alternatives, voters view enforcement toward squatters as a positive cue about a politician's commitment to the welfare state and the rule of law. Without housing options, enforcement instead tends to signal a politician who cares little about the poor's wellbeing, as demonstrated experimentally in Chapter 2. Combined, these mechanisms powerfully determine the electoral incentives of mayors to enforce against squatters.



**FIGURE 3.1. The Effects of Housing Policy on Enforcement Incentives**

Demonstrating that politicians *choose* not to enforce against squatters for electoral reasons requires an empirical approach that pays close attention to the underlying mechanisms and the institutional constraints that politicians face. States that can build housing for the poor also may have the police, courts, and bureaucrats to enforce against squatters. To show that social policies independently alter enforcement through electoral incentives, I move beyond the limited survey data presented in the previous chapter to introduce three additional indicators of the configuration of mass preferences: 1) the frequency and aims of popular interest associations, 2) the demands reported by local politicians or addressed on their campaign platforms, and 3) the willingness of ordinary citizens to cooperate with enforcement. Sharp differences in patterns of popular demands depending on the structure of housing expenditures suggest that electoral incentives structure the decisions that local politicians make about enforcement.

To further separate the role of state capacity from electoral politics, this chapter also develops a method of *enforcement process tracing*. In any country, rich or poor, we expect resources and

administrative capabilities to constrain enforcement. There is some natural loss at each step of the enforcement process that makes perfect control unattainable. My electoral theory makes two distinct predictions about the enforcement process compared to a null hypothesis of natural attrition. First, under my theory, enforcement should stop at political bottlenecks. Mayors should make decisions to halt enforcement against squatters, even when bureaucrats and police perform their jobs. Second, my argument has implications not only for *when* enforcement breaks down, but for what *type* of cases survive the enforcement process. As I showed in Chapter 2, few individuals approve of legal violations by the nonpoor. The electoral costs of enforcement therefore are low so, under my theory, politicians should be more likely to enforce when the wealthy occupy land illegally. This prediction constitutes a strong test, given conventional wisdom that the wealthy are able to use their money and power to evade the law.

To preview the argument, housing policies vary widely by country. Peru has done little to create formal housing options for the poor. Colombia has dedicated substantial resources to housing, but has struggled to reach the poor. Chile has made large, sustained investments to build housing for the poor. In Colombia and Peru, the urban poor organize and demand forbearance. Since 1990, close to half of all new urban development in Bogotá and Lima has occurred through illegal construction. Sanctions are rare. Enforcement process tracing reveals that, although there is equifinality in outcomes, illegal land occupations stem from a truncated welfare state that leads citizens to demand informal welfare alternatives and local politicians to choose not to enforce—or what I distinguish as forbearance—in the case of Bogotá. They occur due to a combination of strategic electoral choice and institutional capacity constraints in the case of Lima, or a more traditional case of weak enforcement. Consistent with my argument, only in Chile do citizens organize around state housing provision and support politicians in enforcement. Chile's distributive



capacity to house the poor has been the lynchpin of its control of squatters, not stronger courts or police.

The theoretical contribution of this chapter is not only to show how social policy impacts enforcement, but also to flesh out how enforcement choices alter welfare state politics. My claim is that strong policy complementarities exist between limited social policy and forbearance, on the one hand, and between targeted social policy and uniform enforcement, on the other. Specifically, I argue that past forbearance reduces the political incentives to provide housing because it absorbs and restructures housing demands. The poor pressure for forbearance at the local level and, once land is seized, they prefer *reactive housing policies* at the national level, such as property titling, basic services, and construction loans for improvements on land that they already have seized. These measures allow national executives to expand their support base: they can focus formal housing expenditures on the middle class or forgo expenditures altogether, while securing the poor's support on the cheap through forbearance and eventual legalization. In so doing, however, politicians legitimize squatting as the way to acquire housing and reproduce incentives to invade land. A “forbearance trap” results. Conversely, substitutive housing expenditures reinforce an equilibrium in which the poor demand formal housing provision. National politicians who depend on the poor's support to win office have strong incentives to sustain targeted expenditures.

Forbearance toward squatting is an inefficient equilibrium. It imposes costs on both the poor and the state. Moving to substitutive expenditures is hard, but not impossible, once forbearance reconfigures popular demands. Exogenous shocks, such as repression under a military government, can catalyze shifts. Endogenous changes, such as the rising costs of land invasions, also improve the chances for investments in substitutive housing policies, particularly when coupled with strong political parties or centralized institutions that can lengthen political time horizons and coordinate local actors' behavior around formal housing programs.

The argument proceeds in a series of deliberate steps. I first outline the key features of illegal land occupations. The second section reviews why governments invest in housing policy (and why many do not), and how enforcement decisions arise from and perpetuate these choices. The third section develops a typology of housing policies and categorizes my case studies. The following three sections analyze how distinct housing policies influence mayors' enforcement incentives in each capital city, and create feedback effects on national housing policies. The seventh concludes.

## **1 Context: Illegal Land Occupations**

Illegal land occupations involve two separate types of property violations: physical takings, where the poor occupy land with no property rights claim, and regulatory takings, where the poor pay reduced prices for an incomplete property right to land owned by others or inappropriate for housing development. I consider these property law violations as a single category because, on paper, both property law infractions should end with an eviction or demolition.<sup>1</sup>

The severity and complexity of housing evictions helps make sense of why they are comparatively rare. Housing evictions embody a type of coercive social regulation in which the state imposes severe personal costs on the sanctioned individuals. Recall from the previous chapter that 60 percent of survey respondents disapprove of evictions, even though the majority also rejects squatting. Given the gravity of the sanction, police evictions only can occur within 48 hours of an illegal land occupation. Otherwise, governments must use the administrative or criminal law process to guarantee squatters' due process rights prior to an eviction. Even in countries that recognize a

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<sup>1</sup> The legal difference is that a purchaser in an illegal subdivision retains a property right over the land itself. However, even in the case that there is no competing claim to the land, the government technically is required to demolish the construction. In some cases, the government instead can change the zoning. In other cases, which have become common in recent years, illegal land occupations occur in environmental risk zones or preserves where the government cannot easily readjust the zoning. When governments demolish housing constructions and leave the poor with land ownership, it constitutes a de facto eviction, given that land that does not allow for any construction is useless to poor occupants.

constitutional right to housing, such as Colombia, or that have ratified international covenants that recognize the right to housing, which include Peru and Chile, evictions are possible when conducted with adequate guarantees of due process.<sup>2</sup> The potential legal complications require special attention to when eviction proceedings fail. I trace four steps in the enforcement process—the detection of an offense, the opening of an administrative case, the eviction ruling, and the execution of the eviction—to separate whether enforcement fails at police, judicial or political decision points.

While cumbersome, there are few more palatable enforcement alternatives to evictions. Governments can impose fines, but squatters' precarious economic situation means that they lack the capacity to pay. It also is unclear that a fine can deter squatters, given the magnitude of benefits at stake. Other than evictions, the main lever for states to control illegal land occupations comes from the pace of basic service provision and legal recognition. By refusing to extend basic services to illegal land occupations, governments can make life so nasty that they deter potential squatters.<sup>3</sup>

Much like evictions, however, withholding urban services or investments—particularly in the absence of housing alternatives—raises a political dilemma for politicians. On the one hand, the attraction of squatting decreases as the expected time to receive services and property titles mounts. The pace of service provision is widely understood as an enforcement tool, and a more discrete one than evictions. On the other hand, the state decreases the informal welfare value of squatting when it denies or delays the accompanying urban infrastructure. Elected politicians in search of the

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<sup>2</sup> The International Covenant on Economic, Social and Cultural Rights recognizes a right to housing and protects against “forced evictions.” A forced eviction is defined as a temporary or permanent removal of individuals “without the provision of, and access to, appropriate forms of legal or other protection.” See, Committee on Economic, Social and Cultural Rights, General Comment 7, Forced evictions, and the right to adequate housing (Sixteenth session, 1997), U.N. Doc. E/1998/22, annex IV at 113.

<sup>3</sup> A clear analogy comes in American politics in debates over the “self-deportation” of illegal immigrants. Denying illegal immigrants the benefits that accompany American citizenship clearly can force some individuals to reconsider their choices, but to many citizens who observe this sub-citizen treatment, it is perhaps even less morally justifiable than enforcement itself.

support of poor voters, and particularly those who have violated the law, can implement *reactive housing policies*, such as the provision of basic services, construction assistance, and ultimately property titles to illegal land occupations. These are reactive measures in the sense that the benefits only can be secured by the poor once they have violated the law. When asked whether participants in land invasions should receive these reactive benefits, most politicians reply that they cannot “prejudice new settlements”<sup>4</sup> or “condemn them for years without land titles or services worrying about some future contingency.”<sup>5</sup> Politicians claim to support existing settlements and to oppose new ones. But this position collapses due to the electoral costs of enforcement against new illegal occupations.

Despite the challenges of evictions, forbearance is revocable in the context of illegal land occupations precisely because it involves more than the single decision to allow squatters to build their houses. The degree of legal insecurity can be altered at multiple decision points about national investments and city service provision. Most illegal land occupations occur on land that is zoned for other uses. Land can fall within a district or city’s administrative boundaries, but outside the “urban perimeter,” meaning the zone that is eligible for residential services and infrastructure investments. In some cases, such as land at risk of environmental disaster, rezoning is prohibited altogether. To access urban amenities, politicians make choices about whether to grant exemptions for specific services or incorporate illegal land occupations into the urban perimeter (through rezoning and risk mitigation projects). The ability to extend urban services piecemeal makes forbearance attractive to politicians compared to housing projects, which must provide urban amenities all at once.

Legal dependence makes squatter settlements ripe arenas for political clientelism, as has been extensively documented across Latin American cities (*e.g.* Collier 1976; Cornelius 1975; Dietz 1998;

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<sup>4</sup> Author interview with Erasmo Segundo Cardenas Obregon, Local Councilor, District of Ate, Lima, Peru, November 23, 2011.

<sup>5</sup> Author interview with Ivan Coronado, Local Councilor, District of Comas, November 25, 2011.

Gay 1990, 1999; Hilgers 2008; Leeds 1974; Ray 1969). Clientelistic bonds are not only secured through the poverty and precariousness of squatters' incomes, but rather through politicians' legal power to determine squatters' eligibility for basic goods and services. Consider the case of garbage collection in Lima. Only settlements included in the district's service perimeter map (*plano perimétrico*) are supposed to be on the garbage collection route. Prior to changes in the perimeter, politicians can extend the garbage route as a reward to favored illegal land occupations. Given that mayors can do this for each district service, they exert continuous power over squatter settlements. Additionally, district mayors approve perimeter maps as part of a broader "urban authorization" (*prehabilitación urbana*) process in which squatters become eligible to receive a bundle of urban services. This choice is separate from the provision of property titles that legalize individual land claims, but it shapes the *extent* of legal insecurity. Hence, forbearance involves multiple choices about the legal status of squatters. Much of the value of property titles comes from the fact that they allow squatters to access national government services and programs as a matter of right, rather than subject to politicians' discretion.<sup>6</sup>

The degree to which politicians can withhold services either to deter land invasions or to make service provision contingent on political support varies by country. Most politicians have some types of investments that can be denied based on squatters' legal status. But the privatization of public services, as well as the recognition of constitutional rights to basic services, can remove

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<sup>6</sup> This tends to be a poorly understood point: property titles are important to the poor not so much because they represent additional legal security against state evictions or allow the poor to access financial markets, as touted, but because they facilitate city and national investment projects. The marginal impact on security against evictions is tiny: one survey of informal settlement residents in Lima, for example, finds that 91.8 percent of those without land title said that the probability of eviction by state authorities is low or very low compared to 93.5 percent of those with title (Caria 2008). Credit access has not budged because banks rarely want houses in poor neighborhoods as collateral (Gilbert 2002). But there is a gap in the quality of public services in informal settlement with and without property titles, and in the ways that they can apply to receive these goods.

local mayors' powers.<sup>7</sup> More extensive discretion to deny services and investments fosters more clientelistic linkage strategies, as we will see in Lima. But it also offers authorities additional tools to control the extent of illegal land occupations.

In sum, enforcement against illegal land occupations involves evictions, which are strong deterrents given the investments at stake and displacement of poor households. For these reasons, evictions are rare undertakings. Governments also can prevent illegal land occupations through their choices to deny services, investments, and property titles. I now turn to some of the contrasts between reactive and substitutive housing policies. In contrast to the costly and lumpy construction of housing, reactive housing policies can be provided cheaply and respond to the urban poor's housing demands once land takings have occurred. But, in so doing, they perpetuate the forbearance and the cycle of limited prospective housing provision.

## **2 The Forbearance Trap**

My core argument is that housing policy and forbearance are policy complements, meaning that the provision of one reduces incentives to offer the other. This section reviews the general reasons why states invest in social interest housing. In the second part, I argue that developing democracies tend to underprovide housing because it is an indivisible, expensive good that both the political Left and Right have reasons to avoid. Third, I flesh out how underinvestment in housing policy can lead to forbearance toward land invasions. Fourth, while illegal land occupations create

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<sup>7</sup> More specifically, the privatization of public services and the recognition of social rights have taken some of these tools out of the hands of mayors. Colombia, for instance, proposed a measure that would ban service provision in illegal land occupations—even by private companies—on the basis that it would deter future squatters. However, the Constitutional Court ruled that the state could not deny individuals access to water or electricity based on the legal status of their land claims on the grounds that it violated the right to a minimum living standard. Mayors no longer can withhold public services from illegal settlements, but they can deny other types of goods, such as investments in roads and schools, or access to development funds for community development projects. Service privatization has had a similar effect in Peru because private companies generally prefer paying customers to those who tap electricity wires or steal services, so will extend services regardless of legal status.

incentives for states to offer in-kind housing policy, they also change the structure of societal demands in ways that sustain forbearance. Weak housing policy and forbearance thus form a stable, inefficient policy equilibrium that is hard to escape. The section ends by reviewing the institutional and political conditions that help countries exit the forbearance trap and move toward substitutive housing policy.

## *2.1 Why Governments Provide Housing*

Why should governments promote housing access? Why not—as many Latin American governments now do—just provide cash to the poor and allow them to allocate the funds to different goods as they choose? Understanding the mixed motivations for in-kind housing policy is critical to why housing policy in Latin America almost universally entails the provision of new houses, and why these benefits tend not to reach the poor.

The most common argument for housing policy concerns the benefits of creating a society of homeowners. Physically rooted homeowners participate more in their communities and politics, have better welfare outcomes, and favor long-run investments in their communities and children over short-run transfers.<sup>8</sup> Equity in a house also can constitute savings for old age and thus offer insurance benefits as a type of pension policy.<sup>9</sup> Given these positive externalities, public funds often try to encourage groups that are on the homeownership margin to become owners. Because lower-middle and middle-class groups are closest to purchasing housing through their own means and

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<sup>8</sup> For empirical studies on the positive externalities of home ownership for politics, health, children, and life satisfaction, see, Dipasquale and Glaeser (1999), Haurin, Parcel, and Haurin (2002), Rossi and Weber (1996), Gaviria and Tovar (2011), Ruprah (2010) and Shapiro and Glaeser (2003).

<sup>9</sup> In developed countries, the effectiveness of housing as a device to encourage savings has fallen with easy access to home equity. However, in developing countries without sophisticated financial markets, it is difficult to borrow against home equity so mortgage payments can force households to save more in their future. Most arguments from behavioral economics suggest that individuals want to save for the future, but they discount their future utility or fall prey to temptation to consume in the present, and therefore promoting savings through home ownership might increase social welfare.

most likely to have the capacity to repay mortgages, many governments use funds to nudge these sectors to purchase a house.<sup>10</sup> The emphasis on creating a class of homeowners helps make sense of why housing programs often exclude the poorest tranches of the income distribution.

Second, housing production can be a countercyclical economic policy that generates jobs for unskilled workers. For example, Latin American governments used housing construction as a way to reactivate economies after the 2008 financial crisis and housing ministries reported the progress of their programs in terms of construction jobs created. The vital question is why a government invests in a privately consumed good like housing, rather than other public works projects or fiscal policies to stimulate the economy. Decisions to use housing construction to jumpstart an economy presume that homeownership is a social goal. The political pitch that housing construction generates jobs for unskilled workers can be used to justify channeling housing subsidies to the middle class on the margin of a home purchase. It also explains the focus on new construction.<sup>11</sup>

Third, a basic needs or social rights approach justifies housing provision to the poor. The idea that a just society cannot permit the poor to live in conditions below a certain standard often motivates housing investments. The social rights argument still butts up against the question of why not improve the poor's income and then allow individuals the liberty to invest in housing as they wish. Arnold Harberger (1978, 1984), an economist who influenced the design of Chilean social policy, elaborated an early justification for in-kind transfers based on the idea that individuals derive utility from others' consumption of particular goods or services (education, housing, and so on). While paternalistic, society wants recipients of redistributive transfers to spend more on living in

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<sup>10</sup> The tools through which this shift can be accomplished can vary from direct building programs to cash grants, mortgage subsidies, and tax deductions.

<sup>11</sup> The emphasis on new construction also stems from the fact that construction chambers tend to be the lair of Latin America's politically powerful business groups (Schneider 2013). New housing also provides symbolic advantages to politicians who can be photographed handing over a nice-looking house and plays to a cultural stereotype that each family wants a house of their own.



adequate shelter, rather than on what are judged to be sumptuary or frivolous desires.<sup>12</sup> The recognition of a right to housing in domestic and international law reinforces the idea that governments have a responsibility to make housing accessible.<sup>13</sup> An emphasis on social rights provides a clear rationale for targeted in-kind expenditures on the poor.

A final reason for housing provision in the developing world is to “crowd out” illegal land occupations. Many of Latin America’s urban problems stem from a lack of planning in informal settlements. Few residents see the long-run land shortages, excess service and infrastructure costs, and shortage of green spaces that emerge from unplanned sprawl. These negative externalities fall on taxpayers, and come on top of the more obvious harms that animate property laws—the loss of state land and threat to private property rights from takings. While housing provision for the poor has upfront costs, it is cheaper in the long haul. As Bouillon (2012: 145) puts it, “Trying to solve the problem of informal housing once it is established is more complex and expensive than preventing it.” In order to reduce squatting, housing programs need to target those liable to take land, or the poorest segment of society willing to live without services or property titles.

The takeaway of this review is that states have multiple objectives for housing policy, and how to target limited resources for housing depends on the goal. Hopes to provide minimum shelter and deter land invasions suggest targeting the poor. But encouragement of home ownership, savings, and construction all justify expenditures on the middle class. These mixed aims, and

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<sup>12</sup> Recent literature on other-regarding preferences (see Fehr and Schmidt (2006) for a review) has brought back in this idea to understand redistributive demands. Harberger modeled this idea as a social demand curve, which exceeded the private demand curve for goods like housing or education.

<sup>13</sup> Cuba signed but has not ratified the covenant. A host of Latin American constitutions give this covenant the weight of law, and the majority of countries also include a right to housing within their domestic constitutions (e.g. Argentina, Bolivia, Brazil, Colombia, Ecuador, Mexico, Venezuela, Uruguay). Some, such as Bolivia and Uruguay, even specify that state laws need to promote access to housing.

particularly the focus on job creation, creates a policy bias toward new construction that complicates the politics of housing provision, to which I now turn.

## 2.2 *Why Governments Do Not Provide Housing*

Providing new houses is an unattractive investment for politicians with short time horizons. First, housing is an expensive, indivisible good. The benchmark for social interest housing construction is \$15,000 per home, although costs often run much higher (Bouillon 2012: 62). Given the huge expense per household, the benefits of housing provision concentrate among a few recipients in any given political period. For instance, winning a slot in Colombia's free housing program is colloquially referred to as a "golden ticket" for the lucky few. Unless non-recipients believe that benefits will continue in future periods, housing provision only may deliver a handful of (very enthusiastic) votes.

Second, the electoral benefits of housing provision rarely come to fruition in a single term in office, while the costs are immediate. Housing construction is a slow process. The government must contract, manage, and distribute units in housing projects, which can take years. Governments with longer time horizons may reap substantial gains because sustained investments create highly visible constructions that can demonstrate political commitments to the poor. Authoritarian regimes have longer time horizons, and many developmental states—most famously Singapore—have spent substantial sums on housing development. In the context of democracy, political parties are enduring organizations that can help extend time horizons and generate stability in social policy commitments (Aldrich 1995: 23). Institutionalized political parties, as in Chile, thus make housing investments more likely.

Even with programmatic parties, however, housing policy is an awkward cause for both the political Right and Left to champion. On the one hand, the emphasis of housing policy on creating a class of homeowners—and likely more politically conservative ones—points to one reason that the

political Right might invest in housing policy. Margaret Thatcher, for instance, expanded housing policy with a promise of a “right to buy” housing on the expectation that it would promote conservative values and strengthen the Right’s electoral fate (Jones and Murie 2008). But, housing projects require substantial investments and bureaucracies to manage, even when the state contracts private sector companies to build the homes. Governments often help to assemble land, permits, and builders that undercut the Right’s ideological commitments to a minimalist state “enabling” the market. As one politician put it, “The government still ends up fixing crooked door knobs, and with the finger pointed at it when the houses start falling apart.”<sup>14</sup>

On the other hand, the guarantee of housing as a right of social citizenship seems consistent with the broad aims of the political Left and a focus on the most needy. But, the idea of creating a class of bourgeois property owners does not match the Left’s goals. Rewarding a small number of families with houses also creates concerns about horizontal inequities and leads many on the Left to prefer social policy programs that can guarantee universal benefits.

It is possible that both political camps could converge on the need to “crowd out” illegal land occupations motivated, for the Right, as violations of the law and, for the Left, as abstract harms imposed on the poor. Yet, while illegal land occupations create an efficiency argument to implement substitutive housing policy and a conceivable political compromise, forbearance reconfigures political demands to make the implementation of substitutive housing policy less likely.

### 2.3 *The Informal Welfare Equilibrium*

Regardless of the reason that countries do not invest in housing policies for the poor, my claim is that states create incentives for local politicians to forbear when they do not provide housing substitutes through the mechanisms charted out in Figure 3.1. This section expands on these three channels, and adds on the reverse path: forbearance also decreases incentives for

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<sup>14</sup> Author interview with Antanas Mockus, former mayor, Bogotá, Colombia, July 27, 2013.

substitutive housing expenditures by diverting policy demands to local politicians and reactive housing policies.

First, absent or truncated housing policies create direct material incentives for the urban poor to take land. Quite simply, squatting is more valuable to the poor when there are no other housing options.

Second, once the poor decide to attempt illegal land occupations, their demands at the local level shift to forbearance and reactive housing policies. This claim differentiates my argument from scholars like Soifer (2013) who argue that the lack of state intervention leads the poor to “opt-out” of the state and rely on their own initiatives to access basic goods. Were this the case, we would expect the poor to participate less and demand less from their elected representatives. Instead, my prediction is that the poor still make demands on local politicians, but what they want is to secure and raise the value of their informal property.

Third, local politicians face weak electoral incentives to enforce if housing programs are unavailable and popular demands center on forbearance. As I showed in the last chapter, individuals who believe that the state provides limited housing options for the poor are more sympathetic to squatters. Enforcement signals a politician who lacks sensitivity to the poor’s wellbeing. Because squatting occurs exclusively in poor districts in the city, unlike street vending studied in the next chapter, elected politicians risk losing pivotal votes if they send anti-poor signals. Thus, weak housing policy creates strong electoral incentives for politicians not to enforce.

These mechanisms operate inversely where states invest in substitutive housing policies. The urban poor are unlikely to take land when state housing options exist. At the local level, the poor demand constituency service in which mayors facilitate access to national housing programs. Rather than view squatters as sympathetic individuals with no other resort, even the poor equate squatting with a type of cheating and attempt to use extralegal means to force governments to

prioritize them in the allocation of houses. Enforcement toward squatters thus is taken as a positive signal of the quality of local government and a politician's commitment to the welfare state. State housing provision creates a virtuous process in which citizens make demands on state authorities to expand and improve housing provision.

The virtuous cycle induced by substitutive housing provision raises a question. Once forbearance has occurred, why don't national governments invest in substitutive housing policy to stop future squatting? Housing expenditures become less likely due to changes in the structure of political demands induced by forbearance. When land takings succeed, the poor begin to pressure to legalize and improve their informal holdings. The electoral rewards to satisfy these demands are immediate. Reactive housing policies tend to be cheap—property titling initiatives often cost as little as \$50 per household—and they can be done en masse. While advocates espouse property titles as a way to generate legal equality, promote access to credit, and recognize the reality of illegal land occupations (De Soto and Ghersi 1989; De Soto 2000), the incentive effects of property title provision go unstated. The problem is that property titles raise the value of land takings and reinforce societal expectations that land takings are the route to housing for the poor. Squatters and local politicians trot out past legalization as a reason not to bother with enforcement.

A possible counterargument is that the provision of property titles unleashes an embourgeoisement process in which squatters who receive property title turn against the next generation of claimants. Indeed, the previous chapter showed that former squatters are less supportive of squatting, all else equal. However, former squatters are equally supportive of property title provision and opposed to enforcement.

Past forbearance simultaneously can reduce demands for substitutive housing policy. Housing programs tend to exclude existing property owners, thereby removing squatters from the potential pool of beneficiaries. When squatting persists for generations, the effect on the poor's

material interests in housing provision is non-trivial. In Lima, for example, more than half of the population has acquired property informally. The median voter therefore has a reduced material interest in expanded housing expenditures. Instead, this population likely prefers housing policies that provide legal title and subsidize improvements to existing houses, or other social policies altogether. Even for those who have not seized land, the state's credibility to provide formal housing solutions may have eroded, further dampening popular demands.

Thus, illegal land occupations can reduce voter demands and political rewards for housing provision, even as the negative externalities of squatting mount. Continued weak provision perpetuates actors' beliefs that the way to acquire housing is through illegal land occupations followed by forbearance and eventual legalization. Hence, countries are trapped by demands for property titles and investments in existing land invasion to reproduce conditions that encourage squatting.

#### 2.4 *How Countries Escape the Forbearance Trap*

This section proposes a stylized argument to think through the conditions that help countries move away from the forbearance equilibrium.<sup>15</sup> The basic set-up is that national governments develop housing policy in part depending on whether they think local politicians will control squatting. There are some net benefits to housing provision for national governments, which come from the economic externalities, political benefits, and fiscal costs. Critically, when local politicians choose forbearance, the national government pays additional costs that come from the negative externalities of squatting. These costs accumulate over time so we can think of them as dependent on a discount factor. When politicians enforce, the national government does not pay the forbearance costs.

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<sup>15</sup> This set-up is modeled as a game in which the national government is a Stackelberg leader in Appendix B.

How national politicians will act depends primarily on the structure of societal demands and their time horizons. The political rewards for housing provision are large in circumstances where past politicians have enforced the law, such as following a dictatorship in which the landless poor need housing provision. Rewards are lower when the urban poor have already seized land informally and see limited material gains from housing provision. Moving out of a forbearance equilibrium thus will be trickiest in countries that confront squatters who want reactive housing policies, as we will see in Peru, and easiest in cases where governments confront smaller numbers of squatters, as we will see following the military dictatorship in Chile.

Time horizons also play an important role in a national government's housing policy decision. If national politicians have short time horizons, then forbearance truly is redistribution on the cheap and substitutive housing policies are less likely. The government does not pay the long-term costs of squatting because the expenses associated with service provision can be shifted to future administrations, and avoids the upfront expense of housing programs. Conversely, governments with long time horizons pay the costs of an informal housing model. Recall that they also reap greater rewards from formal housing provision. Thus, my prediction is that institutionalized party systems lead national governments to weigh the long-run costs of forbearance and invest in substitutive housing policies. Of my cases, Chile has an institutionalized party system and Colombia did at the beginning of the time period under examination. Peru exemplifies a collapsed party system, and thus should be least likely to implement substitutive housing policies.

Additionally, institutional features affect the national government's discount factor. For example, national governments that do not fully internalize the costs of squatting, as in politically decentralized systems where local taxes fund the additional service costs from forbearance, should be less likely to implement substitutive housing policies. This dynamic most clearly emerges in Peru where the national government shifts substantial costs associated with forbearance to local and city

governments. On the flip side, some governments are required to provide services to illegal settlements immediately. The best example of this dynamic comes from Colombia where the Constitutional Court has ordered that politicians cannot deny basic public services to illegal land occupations. Administrative centralization and mandated provision make national authorities weigh the costs of forbearance more heavily, increasing the likelihood that national governments will implement substitutive housing policies.

Lastly, national governments face weaker incentives to invest in substitutive housing policy when local governments lack the administrative capacity to enforce, or national authorities cannot provide sufficient housing to shift local electoral incentives. Countries then slip into the forbearance trap in which land invasions occur, resulting in renewed pressure for reactive housing policy. Political parties again may make substitutive housing policies more likely if they can coordinate the behavior of local politicians to enforce and wait for housing programs to scale up.

In sum, the general intuition is that any institution that increases popular demands for housing provision or that leads national authorities to bear the costs of squatter settlements in the short run will ease a transition to substitutive housing policy. Several circumstances seem most important here: smaller preexisting squatter settlements, political centralization, and strong political parties. As I return to below, these factors converged in Chile to help the country establish substitutive housing policies. Conditions are least propitious for Peru to move out of an informal welfare equilibrium, and slightly more so in Colombia due to greater political centralization and a legal mandate to service informal settlements.

### **3 Housing Policies Compared**

This section lays out a typology to distinguish among state housing policies and then classifies the country cases. The most basic distinction between housing policies concerns the scale of public sector investments. A *skeletal* housing policy is characterized primarily by a lack of



resources. Elements of policy design mean less when there are no resources for their implementation. Skeletal housing policies may include reactive expenditures to formalize past illegal constructions or to facilitate home improvements in informal settlements, as in Peru, or they can disregard the housing sector entirely, as in parts of sub-Saharan Africa. The defining feature is that the state does little to provide housing for those who do not already own property.

States with housing policies of scale differ in how they target their expenditures. The main distinction concerns the contrast between *truncated* and *substitutive* housing policies. Both of these policies are characterized by significant engagement in real estate and financial markets to provide housing for some segment of the population—unlike the skeletal states.

One type of housing policy is “truncated,” meaning that whatever the nominal degree of universality, it assists those with formal employment or private resources. Truncation indicates the limited progressivity of expenditures whether by design or default. Latin American housing programs typically began as emoluments meant for relatively small groups such as state employees or unionized workers. Many countries, such as Colombia and Argentina, preserve these legacies. For example, the state telephone company in Bogotá spent more on housing for its workers than all other city and national social interest housing programs combined in the 1990s.<sup>16</sup> While historically housing programs explicitly assisted formal sector workers, many housing policies in Latin America now do so through their omissions. For instance, Colombian authorities claim to prioritize the urban poor, but policies do not reach these segments of the income distribution due to requirements like access to commercial credit or savings that make it near impossible for the poor to participate.

Both skeletal and truncated housing policies can be thought of as policy complements to informal land takings. They leave the poor to look to illegal land occupations to access housing. In

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<sup>16</sup> The state telephone company is the *Empresa de Telecomunicaciones de Bogotá*. Author interview with Antanas Mockus, Mayor, Bogotá, Colombia, July 29, 2013.

contrast, substitutive housing policies do much more for low-income groups. In order to assist the poor, substitutive policies tend to involve a heavy state hand to make housing benefits effective for poor families. The poor lack savings and capacity to access a loan, which means that housing involves a substantial transfer. They tend to provide homes or land nearly free of charge to the poor. Given the fiscal burden that this imposes, substitutive housing policies rarely address the poor's housing demands in full. But countries with substitutive housing policies make substantial attempts to target poor households and reduce demand for informal housing alternatives. They create a path through which the poor eventually can access housing. Chile exemplifies substitutive housing policies.

To compare housing policies, this chapter relies on both quantitative indicators and in-depth qualitative investigations. Table 3.1 presents descriptive statistics and reveals sharp contrasts between the country cases. Peru maintains a skeletal housing policy. Meanwhile, Chile is a prototypical example of substitutive housing policy, and Colombia is case of truncated (although aspiring to become substitutive) housing policy.

The most straightforward way to compare the scale of housing investments is through expenditures. Housing expenditures as a fraction of GDP are a standard measure of a country's effort.<sup>17</sup> The cases reveal clear variation in the scale of housing investments. Peru spends just 0.04 percent of GDP on housing programs, which stands among the lowest percentage in Latin America (Szalachman and Collinao 2010). This statistic alone suggests that the country does little to house

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<sup>17</sup> More so than in other social policy areas, national accounts data on housing expenditures are rarely comparable so I turned to line-item budget reports and studies that attempt to standardize reports to estimate expenses on all housing supply and demand-side interventions. CEPAL and the IMF, for instance, report a vague category of public expenditures on "housing and other." The inaccuracy of this categorization arises from two issues—many housing ministries lump together a variety of housing, infrastructure, and environmental functions, such as water provision and road construction, and second, many housing expenditures occur through non-housing entities. In particular, Chile's housing budget tends to be underestimated in comparative data sets because its housing vouchers are classified as social security expenses.

the poor through formal means. In contrast, Colombia spends 0.25 percent of GDP, roughly on par with Greece and Spain. Chile spends 0.8 percent of GDP on in-kind housing benefits (compared to an OECD average of 0.6 percent). Other indicators of scale, such as the share of public sector construction and state mortgage lending, reinforce these contrasts. For instance, the Colombian state plays a minor role in mortgage credit provision, offering just 0.4 percent of all credit, while the Chilean state accounts for more than 25 percent of credit (Bouillon 2012: 189).

While expenditures are useful to evaluate the overall scale of housing investments, states differ in their policy targeting. States can intervene to improve housing supply for the poor. The clearest supply side intervention is state construction of affordable housing. But, since the 1990s, direct housing construction has lost favor as part of broader privatizations of public sector enterprises (Mayo and Angel 1993). Nonetheless, states still play a central role in housing supply through a number of tools—tax incentives, direct contracting of projects, land grants, expedited construction licenses, legal clauses that require a percentage of social interest housing construction as part of new projects, and informal prodding of construction chambers. The best summary statistic of supply side interventions comes from the number of social interest housing projects initiated as a share of all new construction. Whether social interest housing exists on the market gives a sense of how effectively states incentivize affordable housing, regardless of the precise way that they manage to do it.

Again, we see dramatic contrasts across the cases: almost no social interest housing is on offer in Peru, while Chile and Colombia make substantial efforts. In 2010, 90 percent of housing supply in Lima was built for the richest quintile of families, and 69 percent of Lima households could not afford any housing on the market (Bouillon 2012: 69). Social interest housing, in contrast, constitutes the majority of new construction in Chile. The pace of construction has been astounding—Chile promoted the construction of 1.9 million homes between 1990 and 2006, or

roughly 100,000 new homes per year (Rodríguez et al. 2006: 22). In a year, Chile builds more affordable housing than what Peru and Colombia have managed in the past two decades. Colombia is an intermediate case with important, but erratic, efforts to ramp up state housing construction. Social interest housing construction has climbed to two-thirds of new housing supply, but in recent years, only a third of new housing in Bogotá has been classified as social interest. Moreover, much of what Colombia calls “social interest” housing is targeted at a lower-middle class tranche of the market (Camacol 2009).

**TABLE 3.1. Housing Policy Descriptive Statistics, 2010.**

	Peru		Colombia		Chile	
	Lima	Nation	Bogotá	Nation	Santiago	Nation
State Housing Expenditures as % GDP		0.04		0.25		0.80
Social Interest Housing as % Construction	1.6			33		65
Subsidies Approved for Lower Class	217	5,991	2,473	31,601	26,488	34,853
Subsidies Used by Lower Class as % Granted		0.6		14.7		82.0

SOURCES: Statistics come from the national housing authorities and construction chambers in each country. In Peru, these are the Ministerio de Vivienda, Construcción y Saneamiento del Perú and the Cámara Peruana de la Construcción (Capeco); in Colombia, the Ministerio de Vivienda, Departamento Administrativo Nacional de Estadística, and the Cámara Colombiana de la Construcción (Camaco); in Chile, they include the Ministerio de Vivienda y Urbanismo de Chile and the Cámara Chilena de Construcción (CChC).

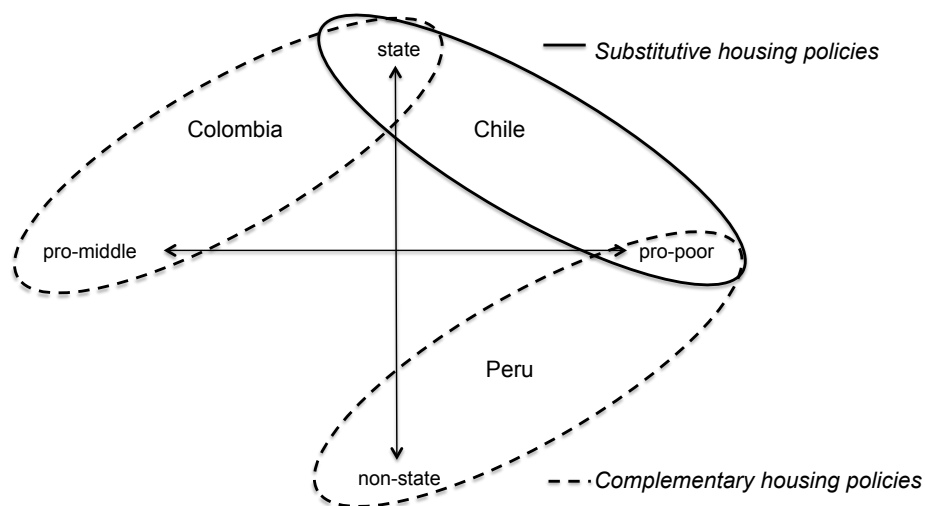
States also can intervene to improve the ability of the poor to purchase housing through demand subsidies. In so doing, the state limits its role to “enabling” the housing market to grow and serve the poor. The Chilean military regime pioneered a demand-side subsidy approach to housing, which has been replicated throughout the developing world (Gilbert 2004). All three cases examined here have used “ABC” models that encourage the poor to save (*Ahorro*), provide a subsidy to improve capacity to pay (*Bono*), and require access to mortgage credit (*Crédito*).

To judge how much countries do to help the poor through demand-side assistance, I include statistics on both the number of housing subsidies assigned to the poor, and the share of subsidies put to use by poor recipients. While governments advertise the quantity of subsidies allocated, the latter measure of usage is more revealing to judge housing access. In Chile, the poor almost always

use housing subsidies to purchase a home. In contrast, the vast majority of housing subsidies go unused in Peru and Colombia because the poor cannot find affordable housing on the market, or they struggle to meet requirements for a home purchase like approval for a commercial mortgage.

The descriptive statistics confirm that there are very important differences in the scale and targeting of housing policy in these three cases. The next section uses detailed case studies to demonstrate how these housing policy choices affect incentives for mayors to control squatting, and how enforcement choices serve to reinforce housing policy differences. To preview, Figure 3.2 lays out the national differences. I begin with the case of Peru because it most clearly illustrates a country that relies exclusively on forbearance, which is depicted as a non-state, pro-poor policy. This choice reshapes demands around reactive housing policies, which complicates moves toward substitutive housing policy. I then turn to the intermediate case of Colombia. As shown in Figure 3.2, Colombia provides state benefits to the middle-class. Like in Peru, the absence of targeted expenditures creates incentives for city mayors to rely on forbearance to help the poor access housing. At various moments, Colombia has redirected benefits to the poor and shrunk squatter settlements. Smaller squatter populations and court mandates to provide services to them have helped spark very recent moves toward substitutive housing policy. Finally, I conclude with the case of Chile, which escaped the forbearance cycle through substitutive housing policy. Repression under the military government and a strong party system facilitated the shift. The Chilean case demonstrates how social policy, rather than functioning courts or police, was essential to change mayors' enforcement incentives and end illegal land occupations.

**FIGURE 3.2. Substitutive and Complementary Housing Policies by Country Case**



### 3 Skeletal Housing Policy and Forbearance: Lima

Inadequate formal housing provision is at the heart of squatting's persistence in Peru. Skeletal housing policy set in motion a pattern that has led the poor to access housing through illegal land occupations and, ultimately, to demand infrastructure and property titles to improve their living conditions. Presidents have responded with titling drives. Given skeletal housing policies and common knowledge that land invasions end in legalization, district politicians face weak incentives to enforce. Growing fiscal and administrative capacity to provide complex reactive housing policies suggests that state weakness does not fully explain enforcement outcomes. Quite a different type of weakness, namely lousy social policy and a collapsed party system that leads executives to favor short-term projects like property titling, drives forbearance against illegal land occupations.

#### 4.1 *Skeletal Housing Policy*

National governments have done little to provide housing to the poor in Peru. In the twentieth century, the country never invested substantially in housing policy due to a combination of geographic and political factors (see, Calderón Cockburn 2006; Collier 1976; Riofrío 1991).

Geographically, the existence of wide expanses of state land reduced the costs of land invasions compared to cities like Bogotá, where private owners held most peripheral land and threats to property rights were greater. During the period of peak migration to Lima (the 1950s through the 1970s), governments made brief attempts to repress land invasions. Ultimately, it was politically expedient to tolerate land invasions as a way to move the urban poor out of central city areas and, particularly during the revolutionary military government of Juan Velasco, to create linkages to the urban poor. Collier (1976: 29) argues that politicians were attracted by the political dependence that squatting created and the inexpensive solution to the country's housing demands leading to a gradual recognition of squatting "as a legitimate part of housing policy."

With the return of democracy, there were attempts to expand formal housing programs. President Fernando Belaúnde (1980-85) had a background as an architect and city planner. He emphasized large-scale public housing projects and initiated a number of state housing assistance programs. However, Belaúnde designed projects primarily for formal sector workers. This focus likely reflected his middle-class support base in urban areas. President Alan García similarly promised to expand housing provision for the poor, but the government had made no real progress before Peru's debt crisis shelved efforts. It also was unclear that Belaúnde and García could have coordinated the behavior of local mayors to end illegal land occupations. Poor districts overwhelmingly elected mayors from a coalition of parties, the United Left (*Izquierda Unida*, IU), which promised to legalize illegal land occupations and improve service provision (IU 1986: 76).<sup>18</sup> Fiscal decentralization also left district mayors with miniscule budgets and administrative resources in the 1980s. Thus, land invasions continued apace.

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<sup>18</sup> The IU also proposed a "site-and-service" program that would allocate state land with services in an orderly fashion.

President Alberto Fujimori gutted what little existed of the country's formal housing system. In 1993, Fujimori eliminated existing state housing programs and struck the right to housing from Peru's constitution.<sup>19</sup> Fujimori created just one housing program to provide state land to poor families, the Family Lot Program (*Programa de Lotes Familiares*, Profam).<sup>20</sup> The program announcement—just prior to the 2000 presidential election—followed a massive land invasion, which allegedly was promoted by Fujimori's allies.<sup>21</sup> Hardly a systematic effort to crowd out land invasions, the program was a transparent pre-election ploy. More than 60 percent of mass respondents believed that the program was a vote buying measure. Nonetheless, it was a hugely popular one: 86 percent of the poorest residents supported Profam, compared to 45 percent of the wealthiest respondents (Carrión 2006: 143-144). More than 15,000 people applied for a free lot through Profam in Lima just the first day the program was announced, and more than 700,000 people applied by the closure deadline.<sup>22</sup> The wild popularity came from the fact that the program

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<sup>19</sup> These included fifteen housing programs, including the housing bank (*Banco Nacional de la Vivienda*), state credit agency (*Banco Central Hipotecario*), the savings agencies (*Sistema Mutua de Vivienda*), and site and service lot programs (*Fondo Nacional de Vivienda*). Copying from Pinochet, Fujimori liberalized the sale of agricultural land, which allowed peripheral land to be sold for housing purposes and encouraged private development (Law 26505, *Ley de Tierras*, Published in the *Gaceta*, 18 July 1995).

<sup>20</sup> Fujimori also passed the legislation that created the Fondo MiVivienda in 1998, but it only provided 3000 credits under Fujimori and did not begin in earnest until Toledo took up the project (Cockburn 2009: 110).

<sup>21</sup> The mayor of Villa El Salvador complained that politicians arrived to provide food and water to the invaders, and that the invaders clearly announced their political allegiances. "Entrega de alimentos sólo consolida invasión," *El Comercio* 31 Jan 2000. The police also allegedly remained passive despite immediate complaints of the invasion. "Invasiones de terrenos continúan ante inexplicable pasividad policial," *El Comercio* 27 Jan 2000; "Policía no evita invasiones, pese al pedido del alcalde," *El Comercio* 26 Jan 2000. The invaders were relocated to land in Ciudadela Pachacútec in Ventanilla, generating complaints of rewards for land invasions. "Reubican a 18 mil invasores en la ciudadela Pachacútec," *El Comercio* 7 Feb 2000; "Trasladan a Ventanilla a la mitad de invasores de Villa El Salvador," *El Comercio* 4 Feb 2000.

<sup>22</sup> "Se inscribieron veinte mil personas en el primer día," *El Comercio* 16 Feb 2000.; "Aumentan en Lima locales de inscripción para el Profam," *El Comercio* 29 Feb 2000; "Falta de presupuesto haría imposible habilitar Profam," *El Comercio* 30 Nov 2000.



replicated the logic of land invasions: it distributed state land directly to the poor, rather than through the state's housing bureaucracy, and therefore credibly could be implemented on a large scale.

Analogous to a land invasion, Profam allowed families to occupy empty lots (albeit with state authorization) without services, permits or zoning approvals. Future authorities would be responsible for providing urban infrastructure to families after they built their homes. This choice reduced the costs and administrative strain on the national government, but with few of the accompanying benefits of controlling informal development. Housing Minister Juan Incháustegui explained that the government did not have the funds to provide more than the land because “there we are talking about a budget that exceeds all economic and fiscal possibilities of the Government.”<sup>23</sup> As I return to below, Profam also was consistent with Fujimori's broader embrace of reactive housing policies that allowed the government to distribute infrastructure and benefits in a piecemeal fashion *after* the poor claimed land.<sup>24</sup> Expectedly, Profam drew sharp criticism from city and district politicians who saw the program as a form of unfunded mandate. Fujimori took credit for what would end up falling on the city mayor, who came from an opposing party (as I discuss more in Chapter 4), to finance. For example, Jorge Ruíz de Somocurcio, the president of the Urban Development Commission of Lima, called the program “useless” because the poor would settle on land with no transportation, schools, or basic services, and questioned, “why an outgoing government has put in a place a housing policy to be implemented in the medium term.”<sup>25</sup>

Substitutive housing policies reemerged as a goal with the return to democracy and the election of Alejandro Toledo in 2001. In theory, Toledo supported substitutive housing policies due

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<sup>23</sup> “Falta de presupuesto haría imposible habilitar Profam,” *El Comercio* 30 Nov 2000.

<sup>24</sup> These benefits could be provided contingent on a settlement's political loyalty, but no detailed statistics exist to know whether they were distributed as a form of pork to supporters.

<sup>25</sup> “Una parte de las áreas para lotes del Profam estaría en Ancón,” *El Comercio* 19 Oct 2000.

to the escalating costs of illegal land occupations. He reinstated a housing ministry (*Ministerio de Vivienda, Construcción y Saneamiento*, MVCS) and proposed major housing investments to stop land invasions. With an implicit dig to Fujimori's government, Vice-Minister of Housing Miguel Romero Sotelo embraced the catchphrase, "growth by investment, not invasion," to promote Toledo's housing programs.<sup>26</sup> Romero viewed substitutive housing policy as part of a broader transformation in which Peru would reap lower service costs and higher taxes. In a speech, for instance, he made the explicit connection between housing programs and invasion dynamics:

"Given the sluggishness of the State, it was foreseeable that to solve housing needs, families appealed to the pernicious process of invasion-self-construction-tax evasion generating an informal society. What our administration is promoting is a virtuous chain to produce a city: investment-construction industrialization-taxation with which we would pass from an informal to a formal society."<sup>27</sup>

At first, Toledo seemed poised to pay the costs to implement substitutive housing policy. He introduced a demand subsidy program modeled on Chile's ABC model: applicants would receive a subsidy, provide a 10 percent down payment, and seek a commercial bank loan for the remaining cost of a new house. The program was designed so one segment, *Techo Propio*, assisted the poor, while another, *MiVivienda*, offered housing subsidies to the middle class.<sup>28</sup> Toledo set a goal of building 800,000 houses under his plan, Housing for All (*Vivienda para Todos*), and claimed that it would generate 300,000 construction jobs.<sup>29</sup> The comeback of Alan García as president in

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<sup>26</sup> "Ciudades deben crecer por inversión no por invasión," *Gestión* 14 Jan 2014.; "Crecimiento por inversión," *Gestión* 26 Oct 2010.

<sup>27</sup> Romero, Miguel. "La meta democrática de una vivienda para todos," *La República* Feb 4 2001.

<sup>28</sup> Peru stratifies class groups into five segments lettered from A to E. Throughout the text, I refer to Class A as the upper class, Class B as the middle class, Class C as the lower-middle class, and Classes D and E as the lower class. *Techo Propio* was designed to assist households from Classes D and E. *MiVivienda* targeted Class B (and the upper part of Class C, or C+). "La mitad de Lima vive en pueblos jóvenes: plan nacional Vivienda para Todos busca revertir la situación," *Construcción e Industria*, July 2003.

<sup>29</sup> "Edificación de viviendas generaría 300 mil puestos de trabajo," *El Comercio* 6 April 2000.

2006 did not produce major shifts in housing policy. García promised an additional 250,000 houses but through continued demand subsidy policies. Both presidents fell short of their goals.

The model of a minimalist state “enabling” the market failed to reach the poor. On the demand side, few poor families could access commercial credit to use housing subsidies. This problem was anticipated even when the program was announced.<sup>30</sup> When reports showed that the poor could not access commercial credit, the Toledo administration reversed course saying that it would be “excessively statist” to create a public bank to target the poor and that subsidies would assist “emerging” (i.e. middle-class) sectors. Housing Minister Carlos Bruce dismissed criticisms on the grounds that, “The problem of poverty cannot be solved by the Ministry of Housing.”<sup>31</sup> A recent study confirmed that 62 percent of households that managed to use Techo Propio subsidies were employed in the formal sector, often as police and teachers. Only 5 percent came from lower class strata (Calderón Cockburn 2013a: 18).

Even if poor households managed to access credit, there were major problems with the supply of affordable housing. Just 3,000 subsidies went to use under Toledo, leading one housing expert to call Techo Propio a “sample size program.”<sup>32</sup> Reflecting the lack of attention to the poor, Toledo dropped mention of Techo Propio entirely from his housing achievements. He now heralds that his programs served “those who want a house that costs between \$30,000 and \$50,000.”<sup>33</sup> This price range falls well above the standard \$15,000 threshold for social interest housing projects. García fared even worse. Of 21,577 houses sold in 2011, lower class groups

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<sup>30</sup> “En Techo Propio se subsidia el 90% del costo de una casa,” *El Comercio* 11 Aug 2002.

<sup>31</sup> “Créditos para Mivivienda se triplican en primer trimestre,” *El Comercio* 3 April 2003.

<sup>32</sup> Author interview with Ramiro García, Head of Urban Program, Centro de Estudios y Promoción del Desarrollo (DESCO), Lima, Peru, May 23, 2011. Nationwide, Techo Propio produced 30,000 housing units between 2003 and 2012 (Calderón Cockburn 2013: 45).

<sup>33</sup> “Experiencia de gobierno,” Alejandro Toledo Presidente, accessed 15 April 2014, < [http://www.alejandrotolledo.pe/vision-de-futuro-1\\_V2.php?codigo=69](http://www.alejandrotolledo.pe/vision-de-futuro-1_V2.php?codigo=69)>.

purchased only 2.6 percent and the lower-middle class purchased 6.7 percent.<sup>34</sup> There were only 800 houses that cost less than \$30,000 on the Lima market in 2011.<sup>35</sup> Only 9,781 subsidies for new housing purchases went to poor and lower-middle class households in Lima under García (MVCS 2011). While the middle class constitutes only 17.4 percent of households in Lima, it received more than 90 percent of housing credits, although still only totaling 51,500 from the program's introduction in 2003 (Calderón Cockburn 2013a: 8-9). National governments allocated little land or resources to contract housing projects for the poor. City Councilor Sigifredo Velásquez put it bluntly: "For the truly poor—say the bottom third of the income distribution—there is no housing to be purchased and no housing policy beyond legalizing land invasions."<sup>36</sup>

Why, then, did Toledo and García pursue complementary housing policies? The decision to abandon substitutive housing policies reflected the calculations of shortsighted politicians. Toledo genuinely began his administration with Chile's example of substitutive housing policy in mind. The state would contract massive projects from private construction companies to "crowd out" illegal land occupations. It would reach substantial numbers of households by only subsidizing a portion of the housing cost; families would receive commercial mortgages and use savings to cover the remaining part. However, construction companies insisted that they could only build housing for the poor in the far-flung districts in the urban periphery. A tension arose because lower-middle class households that could access a commercial credit did not want to live in these districts, and households that wanted to live in those districts could not qualify for credit (Cockburn 2009: 111). To serve the poor, who could potentially occupy land illegally, the government would have to increase the size of housing credits to cover the entire costs of the

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<sup>34</sup> "Se venderán más de 21 mil viviendas en Lima este año," *El Comercio* 8 Nov 2011.

<sup>35</sup> "Oferta de vivienda varía entre US\$15,000 y US\$2.8 millones," *El Comercio*, 2 Dec 2011.

<sup>36</sup> Author interview with Sigifredo Velásquez Ramos, City Councilor (2011-13), Lima, Peru, November 7, 2011.

house. In that case, programs would cover far fewer households in any political cycle. Moreover, Toledo allegedly abandoned efforts to build housing for the poor after he learned that his first major housing project would not be completed until after he left office. If Toledo expected to hold power for multiple periods, or that his party would sustain investments, it may have made sense to invest. Similarly, if Toledo could convince local mayors to stop land invasions and wait for housing projects to come on line, he could have achieve his goal of “growth by investment.” But Toledo had neither of these advantages. Toledo was a political novice who created his party *Perú Posible* for no other reason than his presidential candidacy. He only had loosely affiliated mayors at the local level. Thus, there was little incentive to make costly investments in housing projects for the poor.

The strategy that maximized political support in the short run was to appease the poor through property titles and use housing subsidies to increase construction for the urban middle class. At the same time that Toledo abandoned targeted housing investments, Toledo reversed course and provided property titles to the poor, as I describe in the next section. The massive number of illegal land occupations that already had occurred meant there was strong demand for such reactive housing policies. Property titles could be used to build support among the poor, while formal housing subsidies went to middle-class households that were at the cusp of home ownership.<sup>37</sup>

This segmented approach in which each class sector received something from housing policy proved immensely popular. Polls show that 37 percent of the public considered housing

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<sup>37</sup> Housing construction concentrated on houses between \$30,000 and \$50,000 where, with the assurance of government assistance, construction companies could begin to enter the market. Meanwhile, studies showed that the market was saturated with used housing stock that was dropping in price and satisfied lower-middle class demand. Housing for less than \$30,000 came from the rapidly depreciating price of housing stock and constituted 90.2 percent of the formal housing stock in the city (Cockburn 2009: 113).

and titling programs to be the best part of (an albeit unpopular) Toledo administration.<sup>38</sup> Thus, ignoring targeted housing programs made political sense in light of the ability of forbearance and reactive policies to serve the poor's interests. It opened up the possibility to divert state resources to urban middle-class sectors.

García arrived at a similar calculation that reactive housing policies plus subsidies for the middle class best expanded his support base. Although García represented a populist political party with a long trajectory, APRA (*Alianza Popular Revolucionaria Americana*, APRA), had weak local routes that made it difficult to control squatting. García also ignored the long-run costs of forbearance. His administration explicitly counted property titles and construction credits for the poor—which presumed that the poor already had accessed land through illegal means—as part of the state's housing portfolio, and by this dubious definition of a “housing solution,” claimed that it achieved its initial goal of “providing” a quarter of a million houses even though almost no houses were built for the poor.<sup>39</sup> Housing Minister Juan Sarmiento Soto explicitly pitched the state's housing policy in terms of “diverse products destined to finance housing for each socioeconomic level.” The poor were granted subsidies to improve construction on their (invaded) lots and the middle class were provided subsidies to purchase new houses.<sup>40</sup> García touted his achievements in providing property titles to the poor to claim that his government had “favored the poorest.”<sup>41</sup>

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<sup>38</sup> Housing programs beat out the US-Peru free trade agreement, the gas deal with Camisea, and the highway from Brazil to Peru, economic stability, democracy, or increase in exports. “Califican como logro los planes de vivienda y critican escándalos,” *El Comercio* 16 July 2006.

<sup>39</sup> For the poorest Peruvians, the García administration viewed state assistance as coming through property titling and credits to improve constructions on existing land from Sitio Propio and Mejorando Mivivienda “Este es el balance de los mensajes presidenciales de Alan García en su segunda gestión,” *El Comercio* 25 July 2010; Juan Sarmiento Soto, “Vivienda para los más pobres,” *La República*, 2 July 2011.

<sup>40</sup> Juan Sarmiento Soto, “Vivienda para los más pobres,” *La República*, 2 July 2011.

<sup>41</sup> “Alan García: “Mi gobierno ha sido para los más pobres,” *El Comercio* 19 Feb 2011.

Meanwhile, statistics underscore that his formal social expenditures, even beyond the housing sector, did almost nothing for the poor (Cameron 2011; ECLAC 2010).

To summarize, complementary housing policies have been attractive in Peru because the poor's housing demands are structured around reactive housing policies. Fiscal constraints partially explain the lack of investment in housing for the poor during and just following Peru's debt crisis, but they cannot explain recent outcomes. Peru experienced a commodities export boom in the 2000s. Strong growth rates could have resulted in major investments in housing projects for the poor. But presidents had short time horizons that made housing investments unattractive and faced strong demands for reactive housing policies, as I now document.

#### 4.2 *Crowding In Squatting*

The absence of housing policy encourages the poor to occupy land illegally. Informal land occupations are ubiquitous in Lima. Given that numerous studies have documented the city's extensive, sustained informal growth (Calderón Cockburn 2006; Collier 1976; Dietz 1985, 1989, 1998; Dosh 2010; Riofrío 1991; Soifer 2013; De Soto and Ghersi 1989; Stokes 1995), I focus here on a few key facts about recent illegal land occupations and the more novel idea of reactive housing policies.

Many observers predicted that informal growth would slow as invasions saturated proximate land and the shock of neoliberal economic reforms passed (Eckstein 1989; Portes 1989; Stokes 1995). Instead, illegal land occupations have continued apace throughout the 1990s and 2000s. Peru's National Household Survey (*Encuesta Nacional de Hogares*, ENAHO), run each year, gives a sense of the number of households that have acquired land through invasions.<sup>42</sup> Roughly 89,000 households report that their house was acquired through an invasion since 2005. This calculation understates the extent of informal construction because it excludes sales through intermediaries, and

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<sup>42</sup> Exact annual counts are imprecise because they are sensitive to how the survey is weighted.

does not count houses originally acquired through invasions that now have been rented or sold.<sup>43</sup> Roughly half of Lima's population lives in informal settlements (Cockburn Calderón 2006: 75). Lima has experienced at least fourfold more informal construction compared to Bogotá, and as Chapter 1 showed, it is an outlier compared to most cities of similar development levels (UN-Habitat 2009).

The sheer number of poor households affected by enforcement against land invasions versus housing programs makes clear why demands center on reactive housing policies. Household surveys show that 0.01 percent of Lima residents have received some form of state subsidy to purchase a house. Meanwhile, 18 percent of residents in poor districts live on land seized through invasions since 2004, and thus need property titles.<sup>44</sup> Government statistics similarly underscore the importance of illegal land occupations. The most common statistic about the housing sector is a country's deficit, which is divided between a qualitative deficit, meaning the number of households that live in houses or apartments that require improvements in services or shelter quality, and a quantitative deficit, meaning the number of households that live in overcrowded conditions. In many cities, such as Bogotá, the majority (76 percent) of the total deficit is quantitative—the city needs *more* housing units (DANE 2005). In contrast, almost 80 percent of the Peruvian housing deficit (1.5 of 1.9 million units) is a qualitative deficit (Calderón Cockburn 2013a: 6). People have accessed housing, but they need *better* housing.

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<sup>43</sup> An estimated 260,000 households, or roughly one seventh of the city's population, say that they live in houses that they acquired through a land invasion. Other scholars put the number of individuals in informal settlements closer to a half by counting housing resold or purchased informally. The fact that illegal land occupations occur as collective invasions mean that many statistics are kept at the level of a settlement, rather than the household level, which makes precise estimates of the affected population difficult. MCVS, for instance, tracks the number of informal settlements included in its survey of local governments. Nationwide, the government identified 3,003 informal settlements in 1993, 7,419 in 2002, and more than 10,000 by 2012 (Calderón Cockburn 2013: 46-47). An estimated 200 new settlements formed just between 1996 and 2001.

<sup>44</sup> "Lima Este y Sur albergan al 55,4% de los pobres extremos," *El Comercio* 16 April 2004. For statistics on the southern cone, also see Ramírez Corzo and Riofrío (2006).



To what extent has the government actively encouraged illegal land occupations as an informal housing policy? Direct political involvement in land invasions is relatively rare, although major exceptions occurred in the run-up to the 2000 presidential elections when Fujimori and his allies were accused of promoting a spate of land invasions and the 2006 presidential elections when an APRA operative allegedly exchanged large tracts of land for votes.<sup>45</sup>

More consistently, the Peruvian government has incentivized land invasions through how it shapes the expected benefits of land invasions. The Peruvian government raises the appeal of land invasions by creating easy procedures to gain property title and public services. In 1996, Fujimori created the Committee for the Formalization of Informal Property (*Organismo de Formalización de la Propiedad Informal*, COFOPRI).<sup>46</sup> Based on Hernando De Soto's work, the agency looked to streamline property titling and provide land rights to informal settlements. While the old process of

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<sup>45</sup> These invasions included "Chancherías" in San Juan de Miraflores and massive invasions of more than 10,000 people of agricultural land and 1500 people who took land reserved for a hospital in Villa El Salvador. Fujimori denied involvement in the land invasions; however, he gave a speech in which he identified open land in the city, which led to near immediate invasions. (See "La situación en Villa El Salvador sigue tensa," *El Comercio* 31 Jan 2000). One of the invasions also called itself "Perú 2000," the name of Fujimori's party, and the Ministry of the Presidency arrived to offer water to the invaders (*Caretas*, No. 164, 3 Feb 2000). José Peralta, spokesperson for the invasion, commented, "We agree with the situation that Fujimori is bringing forth. We will support him in a reelection as a form of recognition." Moreover, the land reserved for a hospital—which led the mayor and the local public to call for police intervention and denounce the invasion to the Attorney General's Office—did not result in police action. Instead, the Vice-Minister of Health Alejandro Mesarina stated that the ministry would not evict the people until they were relocated so as "not to prejudice these people" (*El Comercio* 21 May 2000). Mayors aligned with Fujimori like Adolfo Ocampo in San Juan de Miraflores also allegedly supported land invasions like Nueva Rinconada to help win the elections. Author interview with Paulo Hinostroza, Mayor (2003-2006), District of San Juan de Miraflores, June 24, 2011. In 2006, Germán Cárdenas León, a close ally of congress members Mercedes Cabanillas and César Zumaeta, was accused of land trafficking and now has 150 charges against him, although they have not resulted in a conviction.

<sup>46</sup> Previously, titling was the responsibility of local governments. In 1995, Fujimori had launched his own mayoral candidate Jaime Yoshiyama in Lima and his main proposal was to distribute land titles to poor neighborhoods. When Yoshiyama lost to Alberto Andrade, Fujimori looked to undercut the city government. COFOPRI thus worked around local governments and expedited the titling process (Calderón Cockburn 2006: 192). Its charter established COFOPRI as an independent national entity outside the traditional line ministries.

acquiring a land title was cumbersome and run by a host of overlapping authorities, the new process was virtually free and centralized. Claimants only had to verify residence on an eligible property prior to the program's start date.<sup>47</sup> Under Fujimori, COFOPRI issued almost a million property titles. Fujimori's laissez faire housing policy thus was complemented by property title provision as part of what his government called a "payment of the social debt to the poor" (Calderón Cockburn 2013: 52).

Property titling was billed as a one-time policy to formalize existing constructions and create streamlined procedures to register and purchase future property. However, titling for land invasions has become a recurring event. The deadline to title informal property has been extended by both the Toledo and García administrations, and there is pressure on the current president, Ollanta Humala, to pass a new extension.<sup>48</sup> Given the sheer number of new land invasions and the low cost of titling, there are considerable electoral reasons to offer property titles. Toledo, for example, initially announced formal housing programs and rejected "populist" measures like property title provision. But just in Lima, authorities counted 50,000 new invasion lots from when COFOPRI began in 1996 to Toledo's inauguration. As Toledo's popularity flagged, he announced that he "would travel up and down the country to provide property titles to those excluded from ownership."<sup>49</sup> García similarly promised to give out 100,000 property titles in his first six months in office (and to expand subsidies to the middle class).<sup>50</sup> Over his term, García distributed an additional 818,124 titles and 72,900 titles in Lima (MVCS 2011). Property titles also were a boon for local

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<sup>47</sup> Excluded properties included archeological sites and flood plains; even private property could be negotiated.

<sup>48</sup> Toledo extended the deadline to legalize land occupations that occurred between 1996 and 2001 (Supreme Decree 021-2002-JUS), and García again extended the deadline to 2004 (Law 29320-2009).

<sup>49</sup> "Darían títulos a ocupantes de 700 mil lotes," *El Comercio* 16 June 2002.

<sup>50</sup> "Ponen bajo la lupa plan de 180 días que ofreció García," *El Comercio* 11 July 2006.

politicians: Feierherd (2013) confirms that areas that received property titles had higher vote shares for the incumbent in the subsequent period.

Land titling initiatives continued because they cost little and reached large numbers of citizens, but also because they met a genuine demand of the poor once they had chosen to violate property laws. As the director of COFOPRI summed up, “The extension of formalization periods was used politically by the national government and subnational governments *in order to give residents what they wanted*” (emphasis added).<sup>51</sup> The popularity of property titling in Peru partially rests on the fact that it has not been conducted in a way to maximize rent extraction. Quite the opposite, the extent to which titling initiatives were meant to build electoral support can be seen in the fact that the government made no attempt to turn newly minted property owners into taxpayers. COFOPRI provides property titles, but it does not require owners to register their constructions locally, which would make them subject to local property taxation. It also does not share its database of newly titled properties to help district governments develop land cadasters to collect property taxes because it would “undermine COFOPRI’s efforts to maximize the number of titles provided and popular appreciation for the presidential initiative.”<sup>52</sup> In this sense, the continuous and rapid nature of titling is a response to democratic demands, but a myopic one given the incentive effects.

For the most part, it is common knowledge among state officials that the provision of property titles is good politics, but bad urban planning. Some government officials insist that land titling does not encourage land invasions because there are clear deadlines for the recognition of

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<sup>51</sup> Author interview with Ais Jesus Tarabay Yaya, Executive Director, COFOPRI, Lima, Peru, November 17, 2011.

<sup>52</sup> COFOPRI legalized the land, not the constructions, and used its own map technology separate from local cadasters required for property tax collection. Author interview with Ais Jesus Tarabay Yaya, Executive Director, COFOPRI, Lima, Peru, November 17, 2011; Also see, “Proliferación de viviendas ilegales crea problemas de recaudación,” *El Comercio* 19 Aug 2000.

settlements.<sup>53</sup> But repeated extensions mean that titling deadlines increasingly lack credibility. The Director of the Superintendency for State Goods (*Superintendencia Nacional de Bienes Estatales*, SBN), the central agency in charge of the protection of state land, recognizes that land invasions have become commonplace because “no one believes that formalization will end.”<sup>54</sup> Of the 28 local politicians that I interviewed, every single one believed that COFOPRI had increased the pace of land invasions and made it harder to prevent their spread. The typical reasoning of mayors was that land invasions were acceptable because the state itself recognized them, or as one mayor put it, “If the president wanted me to stop land invasions, then he would stop legalizing them every three years.”<sup>55</sup> Even COFOPRI’s executive director recognizes the perverse incentives created due to the electoral gains from titling:

“Institutionally, the idea of COFOPRI in the past was just to formalize for formalization’s sake. If there was more to formalize, then all the better! It’s just like a factory where the more orders you have, the better that you do...If the state options are better than the invasions, then the invasions will stop. But the problem is that people aren’t necessarily grateful when you put order to things.”<sup>56</sup>

The other reason that illegal land occupations have continued apace is that Peru’s capacity to service and incorporate new settlements has improved. Since Fujimori, investments in local public

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<sup>53</sup> For example, García’s Housing Minister Nidia Vílchez insisted that the extension of COFOPRI “does not encourage invasions, it does not encourage traffickers, on the contrary, we have seen that many people want to pay for the land that they invaded a long time ago, nonetheless they do not have anyone to pay because there are two or three owners in the judicial process.” “En 30 días estará listo reglamento de Ley de Expropiaciones, afirma ministra Vílchez,” *Diario Gestión* 18 Feb 2009. Other officials stress the clear end date of the program, “Cofopri no formalizará invasiones,” *RPP*, 30 Jan 2009.

<sup>54</sup> “En poco más de dos años se han vendido 100 predios del Estado,” *Gestión* 17 May 2010.

<sup>55</sup> Author interview with John Barrera, Mayor, District of Ancón, Lima, Peru, December 1, 2011.

<sup>56</sup> Author interview with Ais Jesus Tarabay Yaya, Executive Director, COFOPRI, Lima, Peru November 17, 2011.

goods in informal settlements—with or without property title—have increased.<sup>57</sup> As has been documented for other projects run by the Ministry of the Presidency (Schady 2000), the widespread belief is that these housing improvement funds and local public goods were allocated to advance Fujimori's electoral aims. Nonetheless, these types of investments were successful in improving the quality of life and more broadly demonstrating a preoccupation in Lima's vast informal settlements, which previously had been excluded from many infrastructure projects due to their illegal status. Interviews with local settlement leaders revealed an enduring sense of gratitude for Fujimori's investments in projects like roads, schools, telephone, water, and light, while disregarding and eventually altering their legal status. Common sentiments were that Fujimori was the first politician to “put things in the hills”<sup>58</sup> or “not to ignore the informal settlements.”<sup>59</sup>

Toledo and García, along with Lima's mayors, continued many of the initiatives to boost local public goods provision in informal settlements.<sup>60</sup> For example, water infrastructure now can be installed in a matter of months to years, rather than decades, as long as settlements receive pre-approval from district governments to apply for the central government's Water for All (*Agua para Todos*) initiative. Peru's Construction Chamber complains that a cottage industry of land traffickers has developed to invade state land and “turn around to ask for water, sanitation, and light,” that

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<sup>57</sup> In particular, the Materials Bank (*Banco de Materiales*) provides loans to improve house construction, and the National Housing Fund (*Fondo Nacional de Vivienda*) invests in water and public services along with a major national water initiative.

<sup>58</sup> Author interviews with informal settlement leaders, District of Ventanilla, Callao, Peru, May 30, 2011.

<sup>59</sup> Author interview with Adolfo Diez Vargas, Leader, AAHH Felipe Las Casas, May 30, 2011.

<sup>60</sup> Some of these programs include construction credits on existing lots like Mi Barrio, parts of Techo Propio, and Mi Construcción, as well as stairs to informal settlements (*Escaleras de Solidaridad*). The biggest presidential initiative has been a push to universalize water coverage (*Agua para Todos*).

“costs the city millions.”<sup>61</sup> Indeed, the costs of servicing informal settlements have escalated as land invasions occur on ever more precarious land in previously disconnected districts.<sup>62</sup>

In sum, it is clear that the poor’s material demands are met through illegal land occupations rather than state housing provision. The acceleration of legalization and service provision has increased the benefits of occupying land illegally. This model has mounting costs. Nonetheless, presidents prefer to pass these expenses off on future administrations and, as I return to below, local governments. In so doing, they avoid the upfront outlays for housing projects on the poor and heighten their approval among middle-class constituents. Now, I show how skeletal housing policies plus expectations of legalization generate strong electoral incentives for districts mayors to tolerate land invasions.

#### 4.3 Demand Displacement

Skeletal formal housing policies have sculpted popular demands to sustain informal welfare policies. Evidence for demand displacement comes from public opinion polls, organizational structure, reports by local politicians, and cooperation in enforcement processes. I also make use of a unique database of the 2010 district government platforms to understand the relative salience of forbearance and reactive policies in poor districts.<sup>63</sup>

First, surveys confirm that housing policy has done more for the middle class than for the poor. Under García, more than 52 percent of middle-class respondents believed that options to

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<sup>61</sup> “Invasiones están frenando inversión en el sector inmobiliario,” *Diario Correo*, 20 Feb 2013.

<sup>62</sup> These districts include Ancón, Carabayllo, and Puente Piedra in the north; Ate and Chosica in the east, and Lurín in the far south. Settlements often run into zoning issues if they are in protection zones (*Zona de Protección y Tratamiento Paisajista*, PTP) or in environmental risk areas, although this does not necessarily stop the recognition by mayors in the service provision process. See, “Siguen las invasiones en Lima,” *El Comercio*, 7 Nov 2011.

<sup>63</sup> Platforms (*Plan de Gobierno*) are available for each district and candidate through the National Electoral Authority’s Governance Observatory (*Jurado Nacional de Elecciones, Observatorio para la Gobernabilidad*, <http://www.infogob.com.pe>).

access adequate housing improved in Lima, and only 9 percent saw deterioration. In contrast, only 25 percent of lower class respondents saw improvements in housing and a full third of the poor believed that housing options got worse (Lima Cómo Vamos 2011).<sup>64</sup> While this question cannot capture expectations for state housing provision, it confirms that the poor have not perceived benefits from formal housing policies.

In contrast, the general perception is that the poor accept land takings as the method to access housing. Even the Housing Ministry recognizes that one of the main constraints to control squatting is that “the informal occupation of public and private land is a *socially accepted form* to access land in peripheral zones” (emphasis added) (MVCS 2006). Support among residents of poor districts runs high in part because the children or relatives of past squatters are the protagonists of most new land invasions in Lima (Calderón Cockburn 2013b: 105). Chapter 2 highlighted the sharp class gradient of support when individuals were asked directly about their approval of private property takings in Peru: 21 percent of poor respondents approved compared to 5 percent of nonpoor respondents. Low levels of approval come in part from different social norms surrounding the taking of private, rather than state land. Local leaders commonly told me that taking state land is acceptable because “it should be given to those who need housing anyhow.”<sup>65</sup> Taking private land meets with greater condemnation, and also is more likely to end with an eviction.<sup>66</sup>

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<sup>64</sup> The question asked, “For a family like yours, would you say the possibilities to access an adequate house in the city of Lima are...(improving, the same, getting worse)?”

<sup>65</sup> Author interview with anonymous settlement association leader, District of Ventanilla, Callao, Peru, May 21, 2011.

<sup>66</sup> There are clear social norms surrounding acceptable land takings. Invaders should not take land reserved for public purposes or private use. When on open land, invaders should not build directly above existing settlements without adequate measures to contain sewage. In some cases, neighbors have tried to evict new settlement through violent means when they directly infringe upon existing settlements. A classic type of case comes from a recent land invasion in Carabayllo. The neighboring settlement tried to evict land invaders through violence because they took land reserved for recreation purposes. “Peligro inminente en el AH Sol Naciente de Carabayllo,” *Agencia de Noticias Lima*, 16 Sept 2010. Another important example occurred in Villa El Salvador when

Second, data on participation in interest associations confirms my claim that the urban poor's demands do not center on state housing provision, but that they are organized around forbearance and formalization. The Peruvian state explicitly channels organizing by squatters through the state. Illegal land occupations register their neighborhood associations through national and district offices.<sup>67</sup> This registration both helps squatters to prove the date of their invasion's foundation to authorities, and is required to apply for many state and local programs. Informal settlement associations are ubiquitous. Take the case of Puente Piedra, a poor district in Lima's northern cone with 230,000 total residents and around 25,000 people in new land invasions without legal title (approximately 5,000 lots). The district's citizen participation office has records on 268 informal settlement associations. Around 60 associations lack land titles, but have requested or received urban authorizations. In contrast, not a single association is registered to pressure the district for formal housing provision.<sup>68</sup> This example suggests that illegal land occupations structure popular participation around claims for land titles and services, rather than around formal housing provision.

The importance of informal settlement associations in part helps explain the high rates of civic participation in Lima. A full 54 percent of Lima's population participates in a civic association and, unlike most other cities in Latin America the popular sector participates at equal rates to other class groups. Even more pertinent to this study, past participation in a land invasion is associated

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squatters tried to take land reserved for the construction of a university and citizens protested against the taking. "Nuevo gobierno, Viejas demandas," *DESCO* 8: 2006.

<sup>67</sup> National registration occurs through the National Superintendency of Public Registries (*Superintendencia Nacional de los Registros Públicos*, SUNARP); district registration occurs through offices of citizen participation (*Gerencia de Participación Ciudadana*).

<sup>68</sup> Data from the Office of Citizen Participation, District of Puente Piedra. These dynamics are very similar in other districts. For example, Carabayllo also lists 40 percent of its more than 100 informal settlement organizations as in need of regularization and services (*saneamiento físico legal*).



with a 7.2 percent increase in the probability of being a member of an association (Dunning 2009: 124).

It is worth emphasizing the importance of informal demands and organizing because they contrast with explanations in the literature that view informality as a broader “opting out” of the state. Soifer (2013), for example, argues that the low level of housing provision in Peru leads the poor to expect little from the state and therefore use self-help measures to meet their needs. Roberts (2002) argues that the fragmented, precarious nature of the urban informal sector makes it a weak basis for organizing. Were this the case, we would expect the poor to participate less and demand less from their elected representatives. But attention to squatters reveals tremendous organizational activity and demands on the state. Survey data confirms that individuals who support land invasions are no less engaged in politics. Those who approve of land invasions, which may be a rough proxy for past or future participation, are no more or less willing to contact their local mayor, participate in local events, or to have voted in past elections (AmericasBarometer 1997). In this sense, I coincide with Holston (2008) who argues that illegal land occupations in São Paulo have generated a type of “insurgent citizenship” in which the poor deeply engage the state and use the physical occupation of land as the launching pad for their claims to inclusion in a host of urban services. When I ask association leaders why they never push the state for housing provision, they emphasize that occupying land is essential to make other distributive claims:

“I’ve always said that the city should give its land to those who truly need them in an orderly process and help us build houses, but this is not the way things are done. We all know that the land is from the state, it’s not your land when you start, you only have possession...*but it is the only way to start the process to get the politicians involved*” (emphasis added).<sup>69</sup>

There is some evidence that expansions in housing programs under Toledo and García have begun to shift pressure to state housing authorities. Protests, for example, have occurred to demand

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<sup>69</sup> Author interview with settlement founder, Villas de Ancón, District of Ancón, Lima, Peru, November 8, 2011.

increases in funding for Techo Propio. But, consistent with my theory, these protests have demanded subsidies to improve constructions on preexisting sites (*Techo Propio en Sitio Propio*), not new housing projects.<sup>70</sup>

Third, local politicians make clear that they face consistent pressure for forbearance toward land invasions, as well as accompanying goods like basic services and legal recognition. In poor districts with open land, local councilors report that about half of the complaints that they receive in their office are for authorizations and service extensions to new settlement neighborhoods. As one local councilor describes, “I don’t get involved until the invasion has stabilized and stopped growing, but then these neighborhoods have so many needs that most of my work comes from continuously trying to help the residents.”<sup>71</sup>

Pressure to provide authorizations and property titles can be seen more systematically through a review of district campaign platforms. In poor districts, issues of legalization for squatter settlements were one of the most frequent subjects of political campaigns; three-quarters of candidate platforms proposed some form of legalization in the 2010 district elections (72 of 98). Standard platforms, for example, promised to work to provide property titles and urban authorizations with phrases like, “Ancón, a district of homeowners,”<sup>72</sup> “To promote massive titling and property regularization,”<sup>73</sup> and “For the defense of urban authorizations in ALL of our district.”<sup>74</sup>

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<sup>70</sup> “Asentamientos Humanos de Lima reclaman más presupuesto para Techo Propio en Sitio Propio,” *El Comercio* 22 Oct 2009.

<sup>71</sup> Author interview with Humberto Vargas, Local Councilor, District of Pachacamac Lima, Peru, November 3, 2011.

<sup>72</sup> Movimiento Independiente de Ancón para el Perú, Plan de Gobierno, 2010-15.

<sup>73</sup> Perú Posible, Plan de Gobierno Municipal, 2011-14, District of Ate.

<sup>74</sup> Cambio 90, Plan de Gobierno Municipal, 2011-14, District of Villa María del Triunfo.

Conversely, politicians acknowledge that there is little return to proposals for programmatic housing policies. City Councilor Sigifredo Velasquez's account that he dedicates his time to reactive housing policies is typical: "Popular demands are all for what comes after land invasions, titles, services, urban authorizations...it is so easy to satisfy these demands each election cycle—you give them a little bit of this, and a bit of that, and you can help many people. The harder work to create housing programs or enforce regulations doesn't generate votes so no one does it."<sup>75</sup> Again, political platforms confirm the irrelevance of housing platforms. Only a tenth of campaigns mentioned housing programs at all, and these tended to be in reference to reactive housing policies. The usual platform promise was to coordinate with state authorities on *Techo Propio* programs for construction subsidies on existing land.

The balance of platforms is not meant to suggest that mayors are satisfied with the informal housing situation in their districts. Some platforms stressed the lack of decent land to continue the "occupy in order to then urbanize" (*ocupar para luego habilitar*) model.<sup>76</sup> About a quarter of platforms discussed the disorderly growth that left basic needs unmet in poor districts and strained local resources. Typical laments were that informal growth due to the inadequacy of state housing projects multiplied demands for "roads, sidewalks, contention walls, stairs, and so on, to which municipal authorities cannot respond effectively."<sup>77</sup> Local districts shoulder many of the costs of illegal land occupations and mayors probably do prefer to stop land invasions. However, mayoral candidates cannot credibly campaign on such a platform, given the absence of housing policy for the poor and the lack of coherent political parties to promote programmatic housing reforms.<sup>78</sup> The

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<sup>75</sup> Author interview with Sigifredo Velasquez, City Councilor, Lima, Peru, November 7, 2011.

<sup>76</sup> Perú Posible, Plan de Gobierno Municipal 2011-14, District of Villa María del Triunfo.

<sup>77</sup> Somos Acción Vecinal, Plan de Gobierno Municipal, 2011-14, District of Carabayllo.

<sup>78</sup> Interestingly, even at the local level, the only candidates that proposed policies that looked like enforcement platforms came from Toledo's party, which had invested in housing, and the Christian

role that parties could play in the transition to a formal welfare model is suggested by the fact that the district candidates that consistently gestured at the need for enforcement by promoting “urban control” came from the established center-right Christian People’s Party (*Partido Popular Cristiano*, PCC) and more erratically from Toledo’s party (*Perú Posible*), which at least had attempted formal housing programs.<sup>79</sup>

Finally, popular sympathy for squatters can be observed in the fact that police reports of land invasions are relatively rare. As in Bogotá, the police can act on land invasions within 48 hours without judicial or mayoral authorization. The quick turnaround time means that control depends on the complaints of neighbors. In discussing reports by citizens so that the police can intervene, officials stress the public does not tell authorities because they think that “people need somewhere to live, they are not committing a crime.”<sup>80</sup> SBN Superintendent Sonia Cordero similarly professes that the state agency receives very few complaints from citizens and attributes it to the lack of alternatives for squatters:

“We need better police support to stop land invasions, but we also need to develop better housing plans like they have in Chile. We need to be able to tell people when they invade a land, ‘Hold on, no, you can’t just take this piece of land because we have housing projects for people who need housing that you can access.’ Then there wouldn’t be so much support for invaders so people would help us when they saw something happening.”<sup>81</sup>

These examples thus illustrate some of the ways in which state officials understand the low levels of cooperation in denouncing land invasions that are physically visible to local residents.

More broadly, this section has combined evidence from surveys, popular associations, campaign platforms, and citizen reports to argue that poor residents support and expect forbearance toward

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<sup>79</sup> The PPC consistently complained about disorderly development in poor districts, and never offered urban authorizations. Some Peru Posible candidates clearly promised to improve reactive housing policies, but others seemed to suggest that they preferred enforcement, using promises “to exercise urban control as the law allows and mandates.” See, *Perú Posible*, Plan de Gobierno Municipal, 2011-14, District of Carabaylo.

<sup>80</sup> Author interview with Dennis Zegara, Sub-director of Cadaster, District of Ventanilla, Callao, Peru, November 23, 2011.

<sup>81</sup> Author interview with Sonia Cordero, Superintendent, SBN, Lima, Peru, November 24, 2011.

land invasions followed by reactive housing policies. This brings us to the next issue of whether politicians choose not to enforce, or whether they cannot do so.

#### 4.4 *Mayoral Decisions*

Given the absence of housing programs and the structure of popular demands, district politicians have weak incentives to enforce against illegal land occupations. This section argues that mayors choose not to control illegal land occupations to increase their support through informal welfare provision and to present themselves as protectors of the poor's well-being. I focus here on enforcement through the administrative law process.<sup>82</sup> Enforcement process tracing helps understand the relative role of political calculations and lousy institutions in a comparatively weak state like Peru. The administrative data and qualitative interviews confirm that enforcement breaks down at political decision points. While an underfunded bureaucracy contributes to weak enforcement, I suggest that it is an endogenous choice that reflects political pressure for forbearance.

To establish the universe of cases against which authorities could possibly enforce, I use household surveys. Recall that there were 89,980 households that reported having acquired their house through an invasion and that had not applied for a property title. These cases most likely formed after the titling deadline and thus could have been subject to administrative law proceedings since 2004.

The first, and most politically charged, step in the enforcement process is the detection of a land invasion. Calculating how many land invasions are detected is tricky because no single authority monitors illegal land occupations, as we will see in Bogotá. Invasions also can be “seen” for different purposes. By law, the Lima city government is supposed to report land invasions to the

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<sup>82</sup> As described above, enforcement also can occur through the police if they discover an illegal land occupation within 48 hours, but the short time frame makes this route very complicated.

state agency that owns the land.<sup>83</sup> But the city government does not maintain procedures to track or aggregate information on land invasions. The city planning authority (*Instituto Metropolitano de Planificación*, IMP) follows land invasions through newspaper reports, and has no policy to contact the police or prevent land invasions. Not a single city inspector is assigned to monitor illegal land occupations.

Three additional institutions are involved in detection depending on the type of land at stake: the Ministry of Defense, the SBN, and district governments. With the exception of strategic military property, the Ministry of Defense leaves most of its land unmonitored. The SBN, which manages state property, also has no monitoring process. Moreover, it only maintains a registry of an estimated five percent of state land holdings.<sup>84</sup> The SBN can take months to determine if invaded land even belongs to the state, let alone act on the case. In the words of a former housing minister, the central government with respect to land invasions is “a referee that doesn’t watch the field, it only looks at a little area or the center of the field.”<sup>85</sup> Likewise, only a handful of district governments reported any type of proactive monitoring of land invasions. Combined across district, city, and state institutions, I found 5,920 cases, or just 6 percent of all illegal land occupations, were sent to legal authorities to take action.

What is critical to underscore is that the low rate of detection results from failures to pass information about illegal land occupations to enforcement authorities, not a lack of information. Informal land occupations register their associations. Leaders approach district governments for

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<sup>83</sup> See Law 28687 that states that all parties that promote land invasions after COFOPRI’s formalization date of December 31, 2004 are to be denounced by provincial authorities to the pertinent authorities. The law also claims that those who invade land will be barred from state or municipal housing programs and credits. COFOPRI, *Boletín Informativa*, August 2012.

<sup>84</sup> Ironically, the reason that the SBN does not register more land is that it is easier for potential invaders to identify state land to occupy.

<sup>85</sup> Interview with Augusto Ortiz Ceballos, *Perú21*.

“certificates of possession” (*constancias de posesión*), which verify the physical occupation of land, as well as urban authorizations for service acquisition. Mayors use this information to report invasions to authorities when the case involves valuable resources (land reserved for public goods, private property, archeological reserves, and so on). The bulk of detection of illegal land occupations occurs through district governments that offer their existing information to state authorities.

Justifications for squashing information concentrate on the informal welfare benefits and political costs of enforcement. Politicians cite the lack of formal welfare programs as the reason that they will not stop illegal land occupations. A mayor who has served several terms, Washington Ipenza, complained about the costs of an informal housing model both to the poor and to the district government. Yet, he still concluded that forbearance was necessary: “We can’t stop land invasions when there is no policy from the central government to offer housing to people.”<sup>86</sup> Politicians were quite explicit that their enforcement decisions depended on national choices about the welfare state:

“The major issue is there’s no social interest housing policy so in the end a lot of what we can do depends on the central government. We’re not isolated in how we deal with these themes because, even though there are clear legal norms that people can’t invade the land and that the government should act, there’s no clear option for what to do with people.”<sup>87</sup>

Beyond the welfare benefits, politicians avoided reporting on illegal land occupations due to the reputational costs. They feared being seen as anti-poor if they reported on illegal land occupations. A concrete example comes from a local councilor who was indignant when asked about providing information to higher level authorities: “How can I say that I support the poor and then go behind their back to try to get people who need housing taken off their land?”<sup>88</sup> Conversely,

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<sup>86</sup> Author interview with Washington Ipenza, Villa María del Triunfo (1984-86, 1999-2006), June 18, 2011.

<sup>87</sup> Author interview with local councilor, District of San Agustino, Lima, Peru, November 18, 2011.

<sup>88</sup> Author interview with Ivan Coronado, Local Councilor, District of Comas, Lima, Peru, November 25, 2011.

politicians saw electoral benefits in supporting land invasions. One local councilor emphasized that working with new invasions, which more commonly is understood as a type of clientelism, was a way to build his reputation among the poor residents of the district: “People look for politicians who can empathize with their problems and when you work for communities that are just getting off the ground, it shows that you understand how hard things are and what people need to do to find housing.”<sup>89</sup> Support for settlements—both promising their permanence and assistance in their formalization—thus is seen as an effective way to resolve the poor’s housing demands and signal a commitment to poor voters. Providing information to authorities about new land invasions would undercut this support for illegal land occupations.

When local authorities do provide information on where illegal land occupations have occurred, city and state officials struggle to act for capacity reasons. The number of reported land occupations that result in administrative actions is tiny. I found 180 cases open across state entities.<sup>90</sup> However, each case can involve multiple claimants. I estimate that a case involves 25 households on average, or 4,500 illegal land occupations total.<sup>91</sup> Given that cases take between five and ten years to complete, open cases roughly include those for the period examined.

Most legal cases end with judicial resolutions to negotiate the land in favor of the squatters. Because legal cases drag on, courts find it impractical to order the removal of squatters.

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<sup>89</sup> Author interview with César Augusto Lerzundi, Local Councilor, District of Villa El Salvador, November 4, 2011.

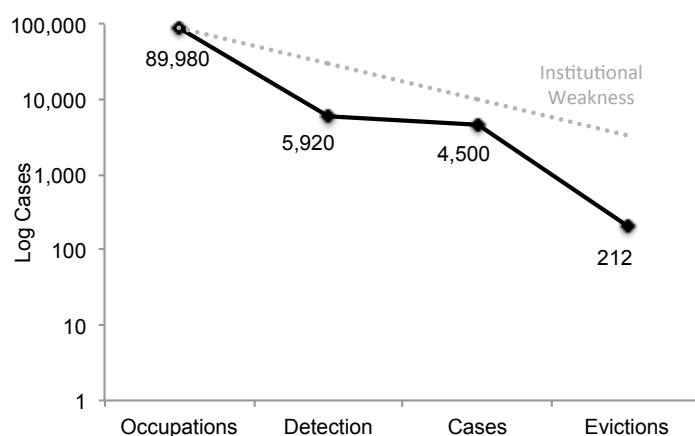
<sup>90</sup> This estimate coincides roughly with investigations that have found between 15-20 cases each year for usurpation of public or private land. The Supreme Court also receives roughly 80 cases to clarify ownership. However, these cases are hard to classify because they can involve a wide variety of property situations. “Poder Judicial atiende cada año unos 80 juicios por venta ilegal de terrenos,” *El Comercio* 14 May 2007.

<sup>91</sup> The registry of the Attorney General also registers cases for usurpation of land (with or without violence). Not all cases of usurpation constitute takings, but this provides another sense of how many cases are entering the system. In 2006, for instance, there were 1348 people denounced just in Lima. “Mala aplicación de la ley permite trafica de tierras e impunidad de invasores,” *El Comercio* 28 May 2007.



Unfortunately, I was unable to find statistics on the number of court cases that ended with an eviction order. Administrative officials reported that 212 evictions occurred through legal means. Evictions involved land owned by the Ministry of Defense, a private mining concession, and central city property reserved for the wholesale market.<sup>92</sup>

Figure 3.3 plots the enforcement chain. On the vertical axis, I log the number of cases so the change can be interpreted as the percent decline at each step. In other words, the straight dotted line would represent a constant percent change in the cases lost at each step, or constant institutional weakness. To provide a baseline, the dotted line plots a uniform rate of institutional weakness of a third. In other words, this line shows what the trend would look like if only a third of cases passed through at each enforcement step. This seems like a relatively low bar to meet.



**FIGURE 3.3. Enforcement Against Illegal Land Occupations, Lima, 2006-2011**

SOURCES: National Household Surveys (*Encuesta Nacional de Hogares*, ENAHO) (occupations); Author's Survey of District Housing Offices, National Planning Institute, Ministry of Defense, Superintendence of State Goods, Lima Attorney General's Office and Inspections Office, and COFOPRI (detection, cases, evictions).

The most important thing to notice is that a sharp drop-off occurs in the number of cases that are brought to the administrative system in the first place. Local mayors have a strong impact on detection because they observed illegal land occupations in their districts. They see no political

<sup>92</sup> This count also includes the case of the illegal land occupation of land reserved for a wholesale market in Santa Anita even though the invasion occurred in 2000. By the end, it only involved 70 households and took until 2007 to resolve.

benefits from reporting them. The second plunge comes from court cases opened to evictions. Unfortunately data are unavailable to separate how many cases end with eviction orders and how many eviction orders the police execute. A substantial fraction of cases stop at the judicial stage. Courts prefer, as in many countries, to negotiate settlements with property owners and state agencies to avoid evictions.

Process tracing thus suggests that both political and bureaucratic constraints play a role in Lima, but that the most substantial drop-off occurs at political decision points. Bureaucrats confirmed that they consider political interference to be a more fundamental constraint than resources or administrative weakness. The electoral costs of enforcement against squatters were perceived to be high: not a single bureaucrat believed that local mayors would gain political support by evicting squatters.

The goal of this enforcement process tracing exercise was to expose how political decisions contributed to illegal land occupations in Lima. A political bottleneck emerged in the detection of land invasions. Invasions go undetected not because of a lack of information, but rather because politicians prefer to improve their constituents welfare informally and signal their commitment to the poor due to the absence of housing policy. I now turn to how urban political decentralization further erodes attempts to enforce and cements the forbearance equilibrium, before concluding with a discussion of alternative explanations.

#### *4.5 Political Decentralization*

Lima is a hybrid political system in which voters elect a mayor at the sub-city district level and at the city level. Both levels of city government have levers to control land invasions. The city government has formal authority to report illegal land occupations to state authorities and also can prosecute cases on city land; local governments have informal responsibilities to detect illegal land occupations due to their proximity of the event. District governments also have control over urban

authorizations that shape the value of illegal land occupations. Critically, they also absorb many of the additional service costs from forbearance. These shared responsibilities—and the vital role assumed by district governments—have important effects on enforcement politics compared to more centralized political systems.

First, whereas mayors in politically centralized cities could win office without the support of the poor, district mayors in Lima cannot. Illegal land occupations occur in the urban periphery where voter demographics mean that the poor's support is dispositive. Above, I mentioned the frequency of reactive policies in political campaigns in poor districts. To understand the strong electoral incentives for this position, consider an example of a mayor who proposed to enforce for ideological reasons. Michel Azcueta is one of the founding figures of the iconic district of Villa El Salvador, and he long favored urban planning to promote the long-run development of the district. As mayor in the late 1990s, he reserved land for a university and a hospital.<sup>93</sup> He again ran for mayor in 2006 and told residents that he would not authorize services in illegal land occupations in order to conserve the district's remaining space. But his opponent, Jaime Zea, disagreed. A local councilor during the period explained Zea's direct involvement with land invasions: "The basic deal was that Zea agreed not to bring in the police if [the squatters] supported him, so they came to all the rallies and meetings."<sup>94</sup> Zea won the election by less than 1500 votes. The consensus among observers, as well as Azcueta himself, was that Zea's forbearance swung the election.<sup>95</sup>

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<sup>93</sup> Azcueta was mayor from 1984-90, and again from 1996-1998.

<sup>94</sup> Author interview with Walter Quispe, Local Councilor, Villa El Salvador, November 4, 2011; The land invasions took place at Cerro de Lomo de Corvina and Centro de Acopi.

<sup>95</sup> Author interview with Ramiro García, Head of Urban Program, DESCO, May 23, 2011; Author interview with Walter Quispe; Author interview with Cesar Augusto Lerzundi, Local Councilor, Villa El Salvador, November 10, 2011; Author interview with Michel Azcueta, Mayor (1984-90, 1996-98), District of Villa El Salvador, Lima, Peru, July 6, 2011; Author interview with Paula Gamboa Perez, Local Councilor, Villa El Salvador, November 4, 2011.

Second, beyond the high costs of enforcement under urban decentralization, the very local nature of enforcement decisions makes them ripe for political clientelism. Exchanging favors for political support becomes more attractive relative to local public goods provision as district size shrinks.<sup>96</sup> Forbearance has been used to cement durable clientelistic linkages that mayors then have incentives to perpetuate and recreate. Continuing with the example, Zea both negotiated votes in exchange for looking the other way when land invasions occurred and, once in office, used the settlements' precarious legal position and lack of basic services to force residents to come to all his events.<sup>97</sup> Politicians commonly expressed the view that squatters' organizations were valuable because they could be compelled to support them at project openings, rallies, weekly meetings, and, in the worse case scenario, recall referenda (*revocatorias*).<sup>98</sup>

The glue that ties informal settlements to district politicians is the access to accompanying goods and services, not the threat of evictions (with rare exceptions).<sup>99</sup> Evictions are not credible threats because they damage politicians' reputations and, as one politician put it, "make the mayor look bad in the whole community."<sup>100</sup> Instead, because benefits can be allocated contingent on the

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<sup>96</sup> For a nice review of this point, see Hicken (2007: 56-57).

<sup>97</sup> Author interview with Paula Gamboa Perez, Local Councilor, Villa El Salvador, November 4, 2011.

<sup>98</sup> Author interview with Carlos Sapaylle Lapayo, Vice Mayor, District of Villa María del Triunfo, Lima, Peru, October 28, 2011.

<sup>99</sup> I only found one case in which the threat of eviction was used to cement a political bargain. A land trafficker, Carlos Arce Arias, ran for mayor of Santa Rosa in 2010. In the small district, Arce depended on the support of occupants of the informal settlement Profam. A voice recording made the eviction threats to residents clear: "I have changed 2800 DNI here in Profam, if I don't win the elections it's because you betrayed me and that's not pardonable, because with 2800 votes I will have won the mayor of Santa Rosa and I will win against the poor devils that are running, and if one of you fails me everyone will pay and you can all forget about your shacks. Is that understood?"<sup>99</sup> But the threats were an ineffective strategy, which confirms my argument. The mayor that took office ran on a platform to chase away the land trafficker, and work for the interests of the poor. Author interview with John Barrera, Mayor, District of Ancón, Lima, Peru, December 1, 2011.

<sup>100</sup> Author interview with Pablo Ivan Balvin Aliaga, Local Councilor, District of Villa Maria del Triunfo, Lima, Peru, October 28, 2011.

mayors making legal exemptions, forbearance can cultivate a bloc of dependent supporters. Informal settlement leaders confirm that politicians largely control their fate by deciding whether to ignore their neighborhoods' legal problems for each investment decision. A typical description of the legal hassle created when an invasion does not support the mayor comes from the president of a settlement association in an environmental risk zone:

“During the last election, we didn’t support the candidate who won and so we had a lot of problems. We couldn’t get the mayor’s approval for our projects, and they would delay our paperwork for as long as possible or *tell us that we didn’t meet the legal requirements*—but who does here! So we couldn’t do anything during four years...this election we all discussed to back the winning candidate and showed up at all his rallies and now we have all the facilities possible to get our projects approved...There isn’t always money but *the mayor always approves our profile* and then we can go to the central government to ask for projects” (emphasis added).<sup>101</sup>

These comments underscore how forbearance toward illegal land occupations can be revocable, even if evictions themselves carry too high of an electoral cost to conduct in poor districts. Mayors can use legal requirements to block benefit access, or they can ignore them contingent on a settlement’s political loyalty.

Work on political clientelism provides some useful insights for understanding forbearance in the context of a politically decentralized city like Lima, but with several adjustments to standard models of vote buying. There is no monitoring of vote choice at the individual or group level. Expressions of political support come from participation in rallies and meetings, but in the end, squatter communities are free to vote as they choose. No coherent party organizations exist to enforce the bargain, although informal settlement leaders sometimes mimic the role of party brokers and negotiate their association’s votes in exchange for payment.<sup>102</sup> This process fits

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<sup>101</sup> Author interview with anonymous settlement leader, District of Puente Piedra, Lima, Peru, November 9, 2011.

<sup>102</sup> Local leaders in illegal land occupations can maintain tight control over members because of insecure property rights. While the state struggles to remove squatters from their land, leaders will evict uncooperative members or simply authorize other families to occupy a squatter’s house while they are away. Associational participation drops precipitously once squatters acquire land titles in

Muñoz's (2013) description of what she calls “campaign clientelism” in which politicians try to signal their electoral viability to strategic actors and improvise a party organization for campaigns. What mayors want is that squatters show up at events to create an impression of popularity that snowballs into widespread support and makes voters perceive risks if they defect to other candidates.

Third, in my model, the central government had stronger incentives to invest in substitutive housing policy when it assumed the costs associated with land invasions and it could commit to reduce these burdens. Political, as well as administrative, decentralization means that the costs of an informal welfare system are split between levels of government. While the national government provides property titles to illegal land occupations, they do not fully internalize the costs of their actions. City and district mayors shoulder many of the additional expenses. This burden shifting means that the central government can promote forbearance through the provision of property titles, while assuming a fraction of the costs associated with this choice. Alan García famously visited new land invasions in Lima and promised them property titles, while telling them that, “You should bring Mayor Castañeda [the Lima city mayor] to build public works here.”<sup>103</sup> As we will see in the next chapter, conflicts between the president and the city mayor often result in one level of government undermining the enforcement intentions of another.

District mayors, who stand to gain from a formal housing model, are poorly situated to push back against it because they need the support of poor core constituents to win office. Mayors in Lima frequently stressed their preference for a system in which the state assumed the costs of a

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part because these coercive mechanisms are removed. But, during a period of insecurity, leaders may be able to extract payments from politicians in exchange for their bloc of votes. “Leader buying” was a frequent complaint of both politicians and informal settlement leaders who I interviewed, and helps make sense of how clientelism can persist even in a collapsed party system.

<sup>103</sup> “Alan García se lanza a la conquista de votos en asentamientos humanos,” *La República* 26 Jan 2006.

formal housing model. But district mayors run political risks if they try to withhold approvals and investments to deter future invasions, as seen in Azcueta's case. As another mayor put it, "There are huge economic consequences to letting invasions occur because [district governments] assume all the service costs, but there also are such strong social and political reaction to evictions that we are stuck until the central government chooses to build housing."<sup>104</sup>

In sum, urban decentralization contributes to the stickiness of the informal welfare model: it segregates the population into homogeneously poor districts where mayors lose support if they enforce, it encourages district mayors to manipulate forbearance as a form of clientelism, and it allows national governments to ignore the costs of its housing provision choices.

#### *4.6 Conclusions*

To wrap up, the objective of the Lima case is to underscore the extent to which skeletal housing policy has encouraged forbearance toward squatting. I showed that small and poorly targeted housing expenditures reconfigured popular demands around forbearance and reactive housing policies. In turn, local politicians confronted weak incentives to enforce the law. Peru is stuck in a cycle of inadequate housing provision, squatting, and eventual legalization. The collapse of Peru's party system, weight of a generation of squatters who expect property titles, and urban decentralization make it unlikely that national governments will transition to a system of substitutive housing provision.

Given the generalized weakness of the Peruvian state, it is worth considering whether weak administrative capacity can explain the enforcement outcomes. My take is that administrative capacity still plays an important role in enforcement decisions, but it is a secondary factor that is endogenous to the political environment. In my survey, for example, bureaucrats complained about the lack of cars, updated maps, and support from the city government to conduct their jobs. While

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<sup>104</sup> Author interview with John Barrera, Mayor, District of Ancón, Lima, Peru, December 1, 2011.

the majority of bureaucrats cited political interference as the central motivation for forbearance, 42 percent of bureaucrats named the lack of resources and 45 percent of bureaucrats thought that squatters commonly bribed the police to stop enforcement.

Further analysis of the types of cases that survive the enforcement process also shows substantial administrative constraints. I looked at cases where the electoral costs of controlling illegal land occupations are lower, and thus my theory would predict enforcement. While most of the land at stake in Lima is far-flung and thus unattractive to upper income groups, there are a handful of summer beach houses constructed illegally in districts at the far tips of the city. I found no evidence that state authorities acted more decisively in these cases.<sup>105</sup> Observations that the government has failed to control illegal land occupations on valuable public property that district residents likely prefer also show important limits on enforcement capacity.<sup>106</sup>

Nonetheless, there are several reasons to believe that incoherent and underfunded enforcement procedures reflect political preferences for forbearance in light of the state's weak *distributive capacity*, rather than an inability to muster the police or bureaucrats to enforce. First, city and national officials could pressure district mayors to exert more enforcement effort. They do not. Some district mayors even complained that they reported land invasions, but central authorities

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<sup>105</sup> Author interview with Julio Martínez, Director of Urban Development, District of Punta Hermosa, Lima, Peru, November 21, 2011.

<sup>106</sup> For example, major land invasions have occurred on lands reserved for public purposes, such as a hospital and a university in Villa El Salvador. "Nadie desaloja a invasores de terreno para hospital," *El Comercio* 21 May 2000; "Invaden terreno destinado para universidad en Villa El Salvador," *El Comercio* 9 April 2006. Archeological preservation land raises some similar issues in which the public and central government likely supports its preservation, and yet land invasions have been hard to stop. Toledo finally published a special law to make clear that land reserved for public purposes and archeological reserves could not be formalized through Cofopri but this has not stopped attempts at takings. "No legalizan invasiones de terrenos para uso público," *El Comercio* 17 March 2006.



never responded.<sup>107</sup> Apathy is surprising given that land invasions often occur on state land over which central authorities have jurisdiction and therefore could intervene even if district politicians have electoral reasons not to enforce. City officials explained their choice not to monitor land invasions in much the same terms as district politicians. IMP director Carlos Escalante, for example, redirected blame to national housing authorities: “We understand that in a poor country, market mechanisms are insufficient to result in an orderly occupation of land, but we can’t repress invasions until there are other housing options.” When pushed on the long-term costs of the system, Escalante emphasized the government’s short time horizons: “If you can spend the money either to build an interchange that all citizens want and see or to stopping land invasions in places that no one except those who want to live there can see, guess which one wins?”<sup>108</sup>

Second, the Peruvian state has managed to mobilize its bureaucracy for tricky reactive housing policies. Mayors withheld information, which they already had for administrative purposes. Resources and skills from a vast property titling bureaucracy have not been applied to enforcement. The maps and property registries generated by COFOPRI, for example, are not shared or used for local enforcement efforts. Relatively simple reorganizations of the bureaucracy, such as the assignment of monitoring responsibilities to a single authority or the registry of state property, could vastly improve Peru’s administrative capacity in this area. The central and city government have few incentives to do so.

Hence, the taproot of weak enforcement against land invasions at all levels of government is a calculation about the positive political benefits and—unlike street vending—limited costs of

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<sup>107</sup> For example, in one recent case, the mayor of the neighboring province of Cañete allegedly called the SBN only to be told, “Call back next week,” at which point a police eviction was out of the question. “Invasores vuelven a San Antonio de Cañete,” *La República* 27 July 2010.

<sup>108</sup> Author interview with Carlos Escalante, Executive Director, IMP, Lima, Peru, June 23, 2011.

letting violations continue. The next section on Bogotá further reinforces the centrality of social policy choices, rather than administrative resources, in enforcement outcomes.

#### **4      Truncated Housing Policies and Forbearance: Bogotá**

The case of Colombia helps differentiate my theory from capacity-based alternatives. Bogotá has a capable bureaucracy and police that would lead us to expect enforcement against illegal land occupations. Nonetheless, with few exceptions, national executives have designed housing policies to favor mobilized middle-class groups and construction interests. Complementary housing policy elevates the political costs of enforcement, which leads mayors to block enforcement against squatters even after bureaucrats have completed lengthy administrative and court proceedings to enforce. The fact that enforcement has occurred against nonpoor squatters, and that some mayors with nonpoor core constituencies have enforced, provides disconfirming evidence of capacity-based theories.

##### *5.1    Truncated Housing Policies*

Colombia has a checkered record of housing provision. With a pair of exceptions, the middle class has captured the benefits of state housing expenditures. This section reviews how shifts in the party system and the costs of illegal land occupations motivated different periods of Colombian housing policy.

Since the 1940s, Colombia ran state housing programs that assisted the middle class. Confronted with a migratory wave and major land invasions, Bogotá's appointed mayors began to voice frustration that the state offered no options for the poor. Colombia's then-institutionalized party system meant that executives expected continuity in social policy initiatives and controlled city mayors so that they could compel a transition to a formal housing model. Political centralization also meant that the national government internalized the costs of squatting.

President Belisario Betancur (1982-86) saw the potential benefits of substitutive housing policy and campaigned on a proposal to create housing options for the poor.<sup>109</sup> As he diagnosed on taking office, “Our problem is not the lack of resources, but the use of resources...our country has been guiding housing subsidies to middle and upper income groups.” Construction for the poor would jumpstart the economy and “provide lower-income families a realistic alternative within the law to spontaneous solutions such as clandestine developments, land invasions and the like.”<sup>110</sup> Betancur built a record 400,000 houses for the poor and, as I return to below, control over illegal land occupations reached its (albeit imperfect) pinnacle.

The targeting of housing subsidies remained a thorny issue due to the existence of mobilized middle-class groups and construction interests that opposed redirecting resources to the poor. The diversion of housing resources to middle-class groups worsened under Betancur’s successor, President Virgilio Barco (1986-90). Barco understood the need for substitutive social interest housing investments from his time as mayor of Bogotá in the late 1960s. He had introduced a small city program of social interest housing called “Substitution for Slums” with the objective to end illegal land occupations (Martínez Tocancipa 2007: 43). However, national legislators did not share the goal of crowding out squatting. Slots in housing programs were valuable patronage to reward political brokers and formal sector workers. Legislation blocked informal sector workers from access to the state mortgage system (UPAC) and ceded to pressure from middle-class debtors’ associations to forgo repayment requirements. Reflecting on the deterioration of his housing

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<sup>109</sup> National Popular Alliance (Alianza Nacional Popular, ANAPO), a populist challenger to Colombia’s two-party system, began to pressure for national housing solutions for the poor. Betancur likely embraced targeted housing policies as a way to co-opt ANAPO’s popular initiative (evidenced by the fact that he appointed ANAPO’s president, María Eugenia Rojas, to head the state housing agency) and to demonstrate a more social orientation of the government as Betancur pushed for peace.

<sup>110</sup> Palabras del Presidente Betancur en la posesión de la Señora María Eugenia Rojas de Moreno Díaz como Directora del ICT y del Doctor Javier Soto Ramírez como Consejero Presidencial de la Vivienda, 31 Aug 1982.

program, Betancur lamented the “unseemly” capture of housing policies as legislators “threw out many poor people” from housing programs to siphon benefits to the middle class.<sup>111</sup> State housing policies soon lost favor due to issues of corruption, inefficiency, and manipulation for patronage purposes. Trying to house the poor along with substantial subsidies to the middle class literally bankrupt state housing authorities (Cuervo and Jaramillo 2009: 7-8).

President César Gaviria (1990-94) revamped Colombia’s housing policy as part of a broad packet of neoliberal reforms. The idea was to reduce political discretion in housing allocation, and limit the state’s role to “enabling” the market. State agencies that directly built homes or provided credit to the poor were closed. In their place, Colombia adopted an ABC demand-subsidy program modeled on the Chilean experience. Housing reforms coincided with the adoption of new constitution that recognized a right to housing. On paper, Colombia committed to a formal focus on housing options for the poor; at the same time, the state retreated from housing markets and abandoned tools like credit provision that helped to reach the poor (Cuervo and Jaramillo 2009: 7-8). Housing reforms also coincided with the introduction of direct elections for mayors. Betancur proclaimed that whether Gaviria’s housing program reached the poor following electoral reforms would be “the best test” of whether representative democracy “has come to life in Colombia.”<sup>112</sup>

At first blush, Colombia’s demand subsidies looked like targeted, nondiscretionary transfers to the poor that could substitute for informal housing demand. Subsidies are provided to two tranches of the income distribution: a “priority” category for poor families who earn below two minimum wages (approximately \$7,250), as well as a separate category for lower middle-class

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<sup>111</sup> Belisario Betancur, “El plan Gaviria de vivienda popular,” *El Tiempo* 19 Nov 1990.

<sup>112</sup> Belisario Betancur, “El plan Gaviria de vivienda popular,” *El Tiempo* 19 Nov 1990.

families who earn below four minimum wages (\$14,500).<sup>113</sup> Half the Colombian population falls into the “priority” category. Colombia scores and ranks subsidy applicants using a nationwide poverty census (SISBEN) and assigns a larger subsidy to poorer applicants.

Nonetheless, subsidies have done little for the poor. The use of housing subsidies—in other words, the number of subsidies that are used to purchase a house—is dismal. In 2010, there were 24,644 subsidies granted and 3,600 or 15 percent were used (Gaviria and Tovar 2011: 5). Usage did reach more than half in other years, but largely among lower-middle class groups.<sup>114</sup> The main reason that subsidies fail to assist the poor is that there are no affordable houses to buy. Particularly in major cities like Bogotá, construction companies avoid building housing for the poor due to the low profit margins and high costs of land. There were only 3,290 priority units on the market in 2009, and not a single unit in 2011 (Alfonso 2012: 32).

Second, government subsidies do not cover the cost of a home so they must be supplemented with savings and commercial credit. However, 46 percent of Colombian households have no capacity to save (Gaviria and Tovar 2011: 5). Being able to document income also is a prerequisite to access a mortgage. Yet, among the poor eligible for housing subsidies, 70 percent work do not have formal labor contracts and fall outside of commercial credit markets. A builder explains the paradox: “To receive a subsidy, one has to show that you are poor, and to receive a

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<sup>113</sup> The category for the poor is referred to as priority interest housing (*vivienda de interés prioritario*, VIP). But the category for the lower-middle class is called social interest housing (*vivienda de interés social*, VIS), despite the fact that social interest housing commonly refers to units for the poor. I avoid using this terminology so as not to create confusion. Instead, I refer to Colombia’s VIS housing simply as housing for the lower-middle class.

<sup>114</sup> In 2007, of 33,500 subsidies, 21,400 were used, or 64 percent, but these were largely not in the priority interest category. The one low-income group that fares better under the housing system is internally displaced people. The Constitutional Court required that national officials take action to rectify housing injustices against internally displaced people (Sentence T-025 of 2004). It required that 40 percent of the housing budget is dedicated to internally displaced people. Much of this goes to temporary housing assistance. But internally displaced people also can combine local and national subsidies that often add up to the cost of a \$17,000 home, and do not face savings requirements.

credit, one has to show that you are rich.”<sup>115</sup> The subsidy system thus preserved the same barriers to state housing access under the old mortgage system through new guises: only creditworthy, and thus formal sector employees, can access housing benefits.

Why design a program to reach the poor that cannot be used in practice? Part of the answer is that organized beneficiaries maintained political advantages over the informal sector poor, even when the latter were more numerous. In the case of housing, political insiders include both construction lobbies and potential middle-class beneficiaries. Colombian presidents long have viewed housing policies as a way to generate construction jobs. President Andrés Pastrana (1998-2002), for instance, made the expansion of housing subsidies a central part of his campaign and promised “to fulfill two purposes: to give shelter to the least favored people and to generate employment by reactivating construction.”<sup>116</sup> In the end, the focus on stimulating construction undermined a focus on the poor. Draft legislation to increase affordable housing in Bogotá, for example, initially proposed that construction companies would need to build a certain fraction of “priority” housing units for each new housing project. Construction lobbies pressured to change the requirement so they could meet the requirement by building a larger fraction of lower-middle class housing. Housing for the poor has fallen by the wayside, although options for the lower-middle class have improved (Maldonado Copello 2009).

The middle class also continues to maintain housing policy perquisites. The best functioning part of the Colombian housing system works through pension funds that provide mortgage assistance (*Cajas de Compensación Familiar*). As part of Pastrana’s housing policy, reluctant legislators signed on by expanding the funds dedicated to housing through pension funds. Attempts to expand

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<sup>115</sup> “Planeación y vivienda en Bogotá fue tema de discusión en el debate de CityTV,” *CityTV*, Oct 27, 2011.

<sup>116</sup> “Usar fondos de pensiones en vivienda.” *El Tiempo* 21 Apr 1998.

housing expenditures by subsequent presidents have followed a similar pattern in which benefits for the middle class have increased in tandem with stated prioritization of the poor. In 2000, for example, the government increased the number of subsidies for the poor, but it also established far larger tax incentives (similar to the American home mortgage interest deduction) to encourage home ownership among wealthier groups with the capacity to save and pay income taxes.<sup>117</sup>

The second key reason that housing programs have flopped in Colombia are the short time horizons of national governments. Colombia's traditional parties lost strength following the adoption of electoral reforms in 1991. No coherent party system emerged to replace Colombia's bipartisan arrangement. Executives look to maximize their electoral support during their terms in office. This short-term focus has led to a bias toward housing policies that cover large numbers of beneficiaries during a president's term in office. For instance, to create housing supply for the poor, the Colombian government could have increased the size of housing subsidies or grants to construction companies. But, in the absence of a coherent party system, providing huge subsidies to a small number of households is electorally unattractive. Instead, governments have ballooned the quantity of subsidies to "reach" more poor voters. President Álvaro Uribe (2002-10), for example, promised to "avoid the formation of new precarious settlements" through the provision of a million housing solutions (DNP 2005). Uribe increased the number of subsidies by 18 fold, yet the production of housing for lower and lower-middle income groups picked up by just 40 percent (Cuervo and Jaramillo 2009: 17). To increase coverage in Bogotá, the Uribe administration cut the generosity of subsidies to cover a calculated additional 15,800 families. Instead of expanding coverage, applications for subsidies fell and usage rates dropped.<sup>118</sup> The announcement offered shortsighted gains: Uribe awarded the subsidies and claimed credit for program expansions. Former

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<sup>117</sup> These were saving plans (*Ahorro para el fomento de la construcción*, AFC) meant to increase homeownership through tax breaks and subsidized mortgage rates.

<sup>118</sup> "Favorecidos no reclaman los subsidios de vivienda," *El Tiempo* 14 June 2005.

Bogotá Mayor Antanas Mockus explains: “Politically, it was profitable to reassign the subsidies—if you don’t use it, then I’ll give it to another person.”<sup>119</sup> Blame for the inability to use subsidies was shrugged off on construction companies and city mayors. Assigning subsidies was a cheap way to boost political support; building the houses to meet demand was a less attractive task.

Third, the ability to build affordable housing depends on coordination with city mayors. In particular, one way to stimulate construction for the poor is to provide land and permits to private developers. Beginning in 2006, the Uribe government tried to allocate land for massive housing projects for the poor. It first picked land without consulting local governments. Mayors brought suit against Uribe for interfering in their powers to control urban planning; the Constitutional Court ruled in favor of local governments.<sup>120</sup> The national government now must coordinate large-scale housing projects with elected mayors.

Coordination is tricky in the absence of political alignment. Some city mayors do not want to accept large-scale housing projects for which the national government will take credit. Mayor Gustavo Petro stalled in approving land in Bogotá on which the central government, which was controlled by an opposing party led by Juan Manuel Santos (2010- ), could build houses for the poor. Petro claimed that the lot that the national government desired for housing construction was situated in a flood plain on the city’s urban periphery and that the government would not sufficiently mitigate the risk. He “couldn’t send the poor to live in areas that may flood” or “segregate” the poor.<sup>121</sup>

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<sup>119</sup> Author interview with Antanas Mockus, Bogotá, Colombia, July 27, 2013.

<sup>120</sup> The central government initiated “macroprojects” to co-finance land development projects (*Macroproyectos de Interés Social Nacional*, MISN) (Bouillon 2012: 146-47, 253). The Constitutional Court ruled that the imposition of macroprojects on local governments violated the rights of local governments to determine the urban planning in their district. The national government now must coordinate housing development projects with local authorities. See, Colombian Constitutional Court. Sentence C-149/10. Published in the *Gaceta Corte Constitucional*, 4 March 2010.

<sup>121</sup> See, “Vivienda enfrenta a Germán Vargas y Gustavo Petro por Twitter,” *El Tiempo* 15 Aug 2012;



Despite these obstacles, Colombia has started to recognize the flaws in its truncated housing policies. Like Uribe, Santos announced a program to build a million houses for the poor, only this time to be given away for free so that the poor could access them without commercial credit. Again, the Santos administration justified the program as a way to substitute for informal housing construction. The Housing Minister noted that the market only built for the middle class and “forced the poor to invade land.” Free houses “will change this paradigm.”<sup>122</sup> This shift toward substitutive housing policies in part reflects that the Colombian government now bears the costs of informal settlement constructions immediately. Due to a Constitutional Court ruling, the government must provide access to water and electricity regardless of the legal status of an individual’s land claim.<sup>123</sup> Illegal land occupations in Colombia now receive provisional services almost immediately, making the costs of an informal housing model tangible in the short-run. Santos’ decision also reflects a broader emphasis on using the state to guarantee a constitutional right to housing, and the declining availability of land in major cities that has increased the political benefits of offering formal housing options.<sup>124</sup>

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“Mivivienda da tres meses para hallar lotes y garantizar casas gratis,” *El Tiempo* 17 Aug 2012; “Vargas Lleras a Petro: si Campoverde no es el lote, defina cuál es,” *La F.M.* 15 Aug 2012; “Las viviendas gratis en Bogotá desnudan los retos del proyecto de Petro,” *La Silla Vacía*, 26 Sept 2012.

<sup>122</sup> “El Gobierno no está cambiando casas por votos: Ministro de Vivienda,” *El País* 19 Jan 2014.

<sup>123</sup> The Colombian government had proposed a measure that would ban service provision in illegal land occupations—even by private companies—on the basis that it would deter future squatters. However, the Constitutional Court ruled that the state could not deny individuals access to water or electricity because it violated the right to a minimum living standard. See, Colombian Constitutional Court. Sentence C-1189/08. Published in the *Gaceta Corte Constitucional*, 3 Dec 2008. The law in question was Law 812 of 2003, Art. 99.

<sup>124</sup> Prior to Santos’ administration, ideological resistance to use the state to intervene in land and credit markets contributed to the lousy targeting of housing projects. Analysts consider Colombia’s housing model a more anti-statist approach than adopted in its originator, Chile (Cuervo and Jaramillo 2009; Gaviria and Tovar 2011; Jaramillo González 2009). In the 1990s and 2000s, Colombia refused to use a state bank or state promoters of housing projects to make programs effective. Santos has started to reverse this position by having the government directly contract housing projects after mayors identify land that is suitable for purchase and development.

The success of Colombia's move toward substitutive housing policy remains in doubt. Due to a combination of capacity and coordination issues, the Santos administration has struggled to realize its housing goals. The government has reduced the goal from a million to 100,000 homes. Even after Petro identified land suitable for national housing projects, the government has contracted only 4,800 housing units in Bogotá. "Gifting" houses also has exposed the government to charges of populism<sup>125</sup> and pork-barrel politics.<sup>126</sup> So far, housing policy has done little to stop illegal land occupations.

## 5.2 *Crowding In Squatting*

Illegal land occupations in Bogotá have been a common route for the poor to access housing, given exclusionary formal provision. The Bogotá Secretary of District Planning (*Secretaría Distrital de Planeación*) houses an archive on the city's more than 2000 illegal settlements that have applied for legalization since 1946. These records suggest that housing for 2.1 million people, or more than a quarter of the city's population, has been built through illegal land occupations (Martínez Tocancipa 2007). Between 1990 and 2010, an estimated 6.8 square miles, or roughly 250,000 new plots of land, have been settled informally (Camargo and Hurtado 2011: 16). By comparison, only 76,000 units of priority interest housing were built during roughly the same period (Camacol 2009: 3).<sup>127</sup>

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<sup>125</sup> "Vivienda: ¿apuesta ambiciosa o reducción de metas?" *Semana* 25 April 2012.

<sup>126</sup> Emerging studies show that Santos' initiative has been most successful in cities where the government coalition controls the mayoralty. However, further research would be needed to confirm allegations of politicized distribution, given that Santos built a broad alliance that controls roughly 71 percent of mayoralties. Within the alliance, housing does appear to favor those parties closest to him (*Partido Liberal* and *Partido de la U*). It is unclear if the skewed distribution is due to the fact that unaligned city mayors refuse to generate projects—as initially was the accusation with respect to Bogotá Mayor Gustavo Petro—or national authorities refuse to allocate projects to opposition districts. See, "El color político de las casas gratis," *El Espectador* 12 Aug 2013.

<sup>127</sup> Individual-level data confirm the importance of informal housing to the poor. In my public opinion survey, I found that less than 10 percent of the poorest sectors of the population ever have

The observable implication of the “crowding out” mechanism is that housing expenditures should be inversely related to illegal land occupations over time. A common methodology to measure informal construction calculates the difference between the number of dwellings registered in the national household census and the number recorded in the city’s official building census (on this approach, see Caldeira 2000: 267; Holston 2008: 210). In broad strokes, informal construction fell in Bogotá in the 1980s when Betancur constructed housing for the poor. But informal housing resurged in the 1990s as subsidy policies failed to provide options for the poor. Cuervo and Jaramillo (2009: 21) find that informal construction accounted for almost 300,000 homes and constituted 44 percent of all new construction in the city in the intercensal period from 1993 to 2005. This period showed the highest share of informal construction since the 1970s. More precisely, there is a very strong negative correlation ( $\rho = -0.79$ ) between the amount of affordable housing construction and the rate of illegal land occupations. This relationship is consistent with the theory that state housing provision can reduce informal land occupations, although it must be taken with a grain of salt given measurement error and changing demographic trends.

Direct political interventions in illegal land occupations are rare. In the 1980s, the promotion of illegal land occupations propelled several famous land traffickers to office. They used their willingness to ignore property and zoning laws as a signal of their support to the poor, and promised to work for service extensions.<sup>128</sup> However, the rising threat of criminal sanctions for the

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applied for state housing subsidies. A quarter of respondents, in contrast, have lived in an informal settlement (Author’s Survey 2013).

<sup>128</sup> Prior to the direct election of mayors in Bogotá, city councilors were the most important elected politicians, and some were directly involved in illegal land sales for electoral ends. In particular, former senator and city councilor, Alfonso Guerrero Estrada sold 19,000 land plots in Bogotá and was involved in over twenty squatter settlements. He was elected to the City Council largely based on support from squatters on a ticket called “Bread and Roofs” (*Pan y Techo*). Many squatters supported and protected Guerrero, even as he faced legal investigations in the 1990s. Guerrero called himself a “revolutionary,” not an intermediary who illegally “trafficked” land to the poor, and was known colloquially as the “Commander.” He believed that he “solved” the housing needs of

sale of informal land and the reduced importance of city councilors means that direct political involvement in illegal land occupations seldom occurs.

As in Peru, the Colombian state indirectly encourages illegal land occupations through its investments in reactive housing policies that legalize and provide services to informal settlements. Since the introduction of direct elections, Bogotá mayors moved to title informal settlements in massive numbers. Figure 3.4 shows the surge in titling initiatives once city mayors became sensitive to popular demands. Mayor Enrique Peñalosa (1998-2000), for instance, legalized more than 400 informal settlements. The provision of property titles is immensely popular. On my survey of Bogotá residents, I found that 74 percent of the poor (and 48 percent of the nonpoor) agreed that the government should provide property titles to the poor. In comparison, only 52 percent of the poor supported more housing program expenditures compared to 42 percent of the nonpoor.

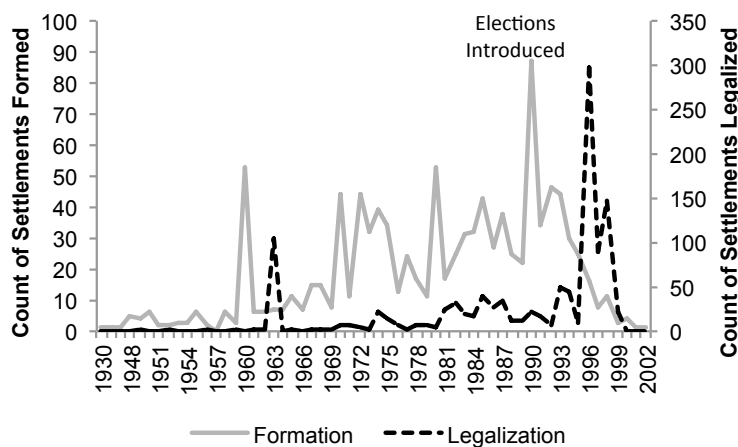
More broadly, the city invests heavily in public service and infrastructure projects in illegal land occupations. The director of Bogotá's Office for Settlement Legalization, Glenda Luna, calls the model one of "ex-post planning." Authorities recognize illegal land occupations that already have occurred and "are obligated to increase the resources dedicated to social development and services."<sup>129</sup> Some authorities calculate that infrastructure projects cost ten times more in informal

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poor communities, and many poor communities seem to have agreed in voting and not filing legal claims against him. Rafael Forero Fetecua, who won seats on the City Council and Congress, and his alternate in Congress, Mariano Porras, similarly was one of the great illegal urbanizers in Bogotá who ran a movement Popular Integration (*Integración Popular*) that again promised the incorporation of informal settlements in public investment plans. See "Los dueños del sur," *El Tiempo* 4 Nov 1999; "A Guerrero Estrada le premiaron," *El Tiempo* 20 Feb 1999; "Cuando la Cruz decidieron vender Bosa," *El Tiempo* 5 Nov 1999.

<sup>129</sup> Individual property titling initiatives have been more restrained in Colombia compared to Peru, as we will see below. Because a central city mayor makes choices about titling initiatives and bears the costs of additional service provision—unlike we will see in the case of Peru—central city mayors have been wary of the incentive effects and additional costs of property titling. As Luna explains, "Cities fear that there would be more land invasions if we extend the deadline [to legalize property], and it would require investments in all sorts of issues at the same time like more housing and control

settlements ex-post than were they done ex-ante as part of housing projects.<sup>130</sup> Recall that Colombian authorities are legally obligated to provide basic services to settlements, regardless of their legal status. This court order means that the time that settlements now wait to receive basic services has dropped from an average of five years in the 1980s to months (Camargo 2011). Officials lament that this has made illegal land occupations more attractive, and encouraged a new wave of invasions, particularly on environmental protection land where illegal land occupations now cannot be denied public services.<sup>131</sup> I now turn to how informal land occupations refocus the poor's demands on forbearance and eventual legalization by city authorities, rather than state housing policies.



**FIGURE 3.4. Settlement Formation and Legalization in Bogotá, 1930-2002**

SOURCES: District Housing Secretary (*Secretaría Distrital de Hábitat*) and Informal Land Market Observatory (*Observatorio del Mercado Informal de Tierras*)

for future demand.” Author interview with with Glenda Luna, Director, Office of Barrio Legalization, Department of Planning, Bogotá, Colombia, August 2, 2011.

<sup>130</sup> Author interview with Carlos Cordoba, National Planning Department, Bogotá, Colombia, July 29, 2011.

<sup>131</sup> Author interview with judicial advisor, District of Rafael Uribe Uribe, Bogotá, Colombia, July 7, 2010; Author interview with housing inspector, District of San Cristóbal, Bogotá, Colombia, September 6, 2011; Author interview with housing inspector, District of Chapinero, Bogotá, Colombia, July 6, 2010.

### 5.3 *Demand Displacement*

The ubiquity of informal land occupations means that the poor do not expect or demand state housing provision. Instead, popular demands focus on forbearance and local public goods that raise the value of informal land occupations. I concentrate on indicators of popular preferences drawn from survey data, contentious activity, engagement with state officials and local politicians, and willingness to cooperate with enforcement. Taken together, the evidence suggests that reliance on informal welfare provision displaces housing demands from the national arena to city mayors. As in Lima, this displacement creates a feedback cycle in which strong demands for forbearance, followed by titling and local public goods provision, reinforce complementary housing policies.

Survey data support the interdependence of formal and informal housing demands. Chapter 2 showed that the poor do not support enforcement if they perceive that there are no housing alternatives. I marshaled two pieces of evidence in support of this claim: first, only a third of poor respondents believed that social policies benefitted “people like them,” while more than 80 percent agreed that “the poor sometimes need to occupy land informally to access housing.” The second critical finding was that individuals who believe that the poor need to occupy land informally are *less* supportive of evictions. While 67 percent of poor individuals who believe that formal housing options are available support government evictions, only 37 percent are willing to evict squatters when they perceive that there are *no* formal housing options.<sup>132</sup> Thus, at least on surveys, the poor understand the flaws in Colombian housing policy, and these inadequacies are correlated with less support for enforcement.

Second, additional insights come from analyzing the nature of collective action by the poor. If the urban poor look to the state to resolve their housing claims, we would expect to see

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<sup>132</sup> Interestingly, this gap only emerges for poor respondents. The perceived availability of housing options has no impact on the enforcement preferences of the nonpoor.

mobilization demanding housing solutions. A database of all social conflicts countrywide shows that 37 percent of all protests between 2002 and 2007 involved demands by urban informal settlements. Yet only 3 percent of these protests involved housing claims (Archila Neira 2010: 127). In addition, my review of Colombia's national newspaper *El Tiempo* showed minimal collective action emerged surrounding housing programs for the poor. In contrast, if housing needs are fulfilled through forbearance, collective action should center on the improvement of informal land occupations. Indeed, collective action to improve conditions in illegal land occupations abounded. Archila Neira (2010: 127) finds that 17 percent of all social conflicts involved claims for public and social services.

The type of urban popular organizations that form also confirms the importance of informal housing provision. Compared to a handful of organizations dedicated to state housing provision, there were 893 local community organizations (*Juntas de Acción Comunal*, JAC) in informal settlements (Observatory for Informal Land Markets 2011). A review of the correspondence of these associations with state authorities shows that a primary role of JACs is to pressure state authorities to protect against evictions when land disputes arise, as well as to pressure for public services, property titles, and access to transportation. Organizing around state housing policies was stronger in the 1980s when Colombia attempted to pursue a substitutive housing policy. Major housing organizations, such as Fedevivienda and the National Federation for Popular Housing (*Federación Nacional de Vivienda Popular*, Fenavip), worked with the state to organize the poor in housing cooperatives. These organizations have lost much of their strength as the state moved toward demand subsidies and the poor have been skeptical that organizing will lead to housing solutions.<sup>133</sup>

Third, societal preferences can be inferred from the demands that the poor make on politicians and state officials. Citizen complaints to housing authorities are minimal. Even among subsidy beneficiaries, who we would expect to mobilize to make use of their allocated benefits, there

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<sup>133</sup> Author interview with Alejandro Florian, director, Fedevivienda, Alejandro Florian, June 23, 2010.

has been little citizen pressure. Complaints to the Housing Ministry for unused subsidies were so insignificant that the Ministry instead had to call beneficiaries to understand why subsidies went unused.<sup>134</sup> Local and city councilors, who play a key role as intermediaries between citizens and state offices, told me that they almost never assist with housing subsidy applications. A shared sense of skepticism came out in the comments of local councilors with remarks like, “People know that you need to have savings and credit, and people here don’t even have enough money for the bus,”<sup>135</sup> and “Helping someone with a housing application doesn’t cause anyone to win or lose votes because demand is met through other forms.”<sup>136</sup> Even the one mayor in Bogotá who has invested heavily in substitutive housing policies, Peñalosa, said that he invested out of a vision of the city’s future improvement and need for urban planning, not expectations of electoral rewards.<sup>137</sup>

Politicians do respond to the poor through constituency service to mediate the claims of informal settlements to public services and legal titles. Local councilors view their jobs in terms of a responsibility to “orient” informal land occupations to receive public services and legalization. Help with public services and legalization is a common campaign promise. City councilor Felipe Rios, for example, explained how most of his votes came from informal settlements where he promised that he “wouldn’t forget the neighborhoods and would help them get services.”<sup>138</sup> The records on squatter settlements stored in the city’s archives include extensive correspondence from squatters with requests for zoning changes and service extensions. Some of the letters emphasizes the

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<sup>134</sup> “Call center del viceministerio de Vivienda,” *El Tiempo* 25 June 2004.

<sup>135</sup> Author interview with Heidi Luz Quiroga, Local Councilor, San Cristóbal, Bogotá, Colombia, October 13, 2011.

<sup>136</sup> Author interview with Alfredo Díaz, Local Councilor, Ciudad Bolívar, Bogotá, Colombia, October 14, 2011.

<sup>137</sup> As Peñalosa put it, “No one will judge the mayor of Bogotá if he [makes housing available for the poor] or not, but it is so painful [not to do it] because it is something that affects tons of generations.” Author interview with Enrique Peñalosa, Bogotá, Colombia, September 7, 2011.

<sup>138</sup> Author interview with City Councilor Felipe Rios, Bogotá, Colombia, August 8, 2011.



electoral rewards of reactive housing policies. For instance, a typical entreaty to a city councilor for the extension of the water system concludes, “Do not doubt that we, in our capacity as voting inhabitants of this city, are willing to help you in whatever you think necessary.”<sup>139</sup>

Finally, societal support for forbearance can be observed through cooperation with enforcement. Citizens play a central role in the detection of new illegal land occupations. The police have a short window (48 hours) in which they can evict squatters before they need an administrative order. Neighbors are best situated to identify and report illegal land invasions to police and mayoral authorities within this timeframe. However, citizen reports of new land occupations are rare in Bogotá. In Ciudad Bolívar, for example, there are 500 new land occupations detected by the city each month, but local district authorities report an average of two citizen complaints.<sup>140</sup> Bureaucrats frequently explained to me that no one reported the occupations because residents were in “solidarity” based on squatters’ economic position<sup>141</sup> or “because they think the state will come for them next” if they report on new occupations.<sup>142</sup>

Given that Colombia recognizes a constitutional right to housing, many bureaucrats and politicians explained popular backing for invasions in social rights terms. The idea is that the poor have housing rights too, and that until the state fulfills them through substitutive housing policies, squatters cannot be removed.<sup>143</sup> Officials tie the problem of weak cooperation in the enforcement

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<sup>139</sup> Letter from Junta de Acción Comunal, Barrio Unir II to City Councilor, June 1992, Bogotá’s Department of Planning Archive (*Secretaría Distrital de Planeación*).

<sup>140</sup> Author interview with judicial coordinator, Ciudad Bolívar, October 14, 2011.

<sup>141</sup> Author interview with housing inspector, Chapinero, Bogotá, Colombia, July 6, 2010.; Author interview with housing inspector, Rafael Uribe Uribe, September 16, 2011.

<sup>142</sup> Author interview with housing inspector, San Cristóbal, Bogotá, Colombia, July 10, 2010.

<sup>143</sup> For instance, author interview with housing inspector, District of Santa Fe, Bogotá, Colombia, July 8, 2010; author interview with District Mayor, Engativá, Bogotá, Colombia, July 21, 2010; author interview with Inés Esteban Parra, Lawyer, Government Secretary (Secretaría de Gobierno de Bogotá), Bogotá, Colombia, July 16, 2010; author interview with Virgilio Rueda, housing inspector, Ciudad Bolívar, July 28, 2010.

process back to the inability of the state to provide housing. The director of control operations for the city's housing program expressed a common sentiment: "The social problem [of not having housing to offer] means that neighbors believe that the state hasn't done its job to provide housing so they don't tell us about illegal occupations."<sup>144</sup> It is important that this reasoning reflects a popular interpretation of what the right to housing requires, not the Court's reading, which balances the protection of property rights with a structural requirement for the government to work toward housing solutions.

Popular sentiment toward illegal land occupations is not uniform. Some residents of legalized neighborhoods worry about their property values and prefer to see formal developments.<sup>145</sup> Others oppose new construction because it can impose direct harms such as when illegal occupations tap water mains or electricity connections.<sup>146</sup> Even so, citizen complaints of land occupations are rare. It remains to be seen if Santos' free housing projects can grow public support for enforcement.

On balance, the poor's housing demands do not center on the state in Bogotá. The poor take land informally, and then turn to politicians for forbearance, public services, and ultimately legal recognition. I now turn to how societal pressure for informal welfare provision motivates politicians to choose not to enforce the law.

#### 5.4 *Mayoral Decisions*

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<sup>144</sup> Author interview with Francisco Álvarez, Director of Control and Director of Projects, Metrovivienda, Bogotá, Colombia, July 10, 2010.

<sup>145</sup> A focus group in Ciudad Bolívar revealed split opinions about new settlements, September 18, 2011; Author interview with local councilor, Juan Carlos Távora, San Cristóbal, October 12, 2011.

<sup>146</sup> Author interview with judicial advisor, District of Bosa, Bogotá, Colombia, July 30, 2010.

To separate whether politicians *will not* or *cannot* control illegal land occupations, I walk through the enforcement process. Careful attention to where enforcement breaks down can isolate the share of variation explained by political strategy compared to institutional constraints.

Governments first need to detect where illegal land occupations have occurred. Unlike in Lima, a single agency in Bogotá has monitored illegal land occupations using satellite imagery and teams of inspectors since 2003.<sup>147</sup> City authorities have registered 13,931 illegal land occupations from 2006 to 2011. Of course, it is unclear if the detected occupations match the underlying level of offenses. A plausible measure of the wider universe of illegal land occupations comes from the number of new “provisional” water connections registered in the city. Informal settlements almost immediately apply to receive services, and the city’s water company acquiesces to avoid service theft and comply with the Constitutional Court’s mandate. These statistics suggest that there were 23,024 new “provisional” connections in Bogotá in the same period (Camargo and Hurtado 2011: 13). Water connections could overstate informal land occupations because they can be granted to legal constructions too, and the city water company sometimes services districts outside of the city limits. But even assuming that all provisional water connections are made to informal constructions in Bogotá, the city would spot 60 percent of informal land occupations. Given the rigor of the city’s satellite monitoring process, it is probable that the fraction of illegal land occupations detected is much higher.

The second step in the enforcement process is to open an administrative case against an illegal land occupation. Detection is the responsibility of the city government, but subcity districts headed by appointed mayors take responsibility for subsequent administrative proceedings. District

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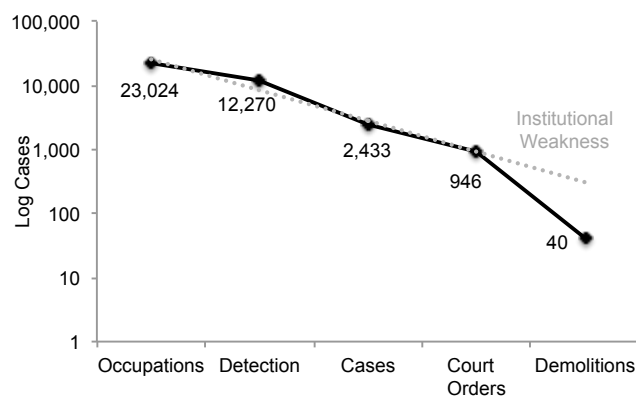
<sup>147</sup> The Subsecretary for Inspection, Oversight, and Control within the District Housing Secretary (*Secretaría Distrital del Hábitat*, SDH, *Subsecretaría de Inspección, Vigilancia y Control*) tracks and reports illegal land occupations. There were important changes in the areas that they monitored in 2006, which means that only the data for recent years are comparable to examine changes in the growth of informal land occupations.

governments face a number of obstacles on top of limited staff and resources that reflect challenges unique to enforcement in low-income settings. For one, informal settlements lack addresses. City officials identify illegal land occupations using geographic coordinates. Local officials often do not have access to GPS units, or choose not to carry them due to high crime rates in peripheral districts. Relying on photographs and approximate locations, local officials struggle to identify land occupations because physical appearances change rapidly. Between visits by officials, an isolated, tin shack may suddenly be surrounded by other homes. All legal correspondence must be hand-delivered, which means that the identification process needs to be repeated multiple times. In addition, given the high stakes of land claims, residents in illegal settlements are savvy about property laws and can outsmart bureaucrats. Squatters claim to be renters (administrative sanctions must be filed against the owner of the construction) or to have occupied the land for three years (past the statute of limitations). Given these obstacles, only 20 percent of illegal land occupations have resulted in administrative actions.

Third, once the local government opens an administrative case, a court must review the case and issue a demolition approval. By law, courts should respond within six months, but the average is closer to a year (Lemus Chois and Lemus Chois 2010). Cases can drag on if the occupants file constitutional rights claims to protect their right to housing. Despite the fact that the Colombian Constitution recognizes a right to housing, administrative courts do order demolitions and fines to protect private property rights, as well collective rights to the environment and planning, which trump the individual right to housing. Most sentences require the government to protect the removed individuals' housing rights, but this could involve the provision of temporary rent assistance or help applying for housing programs. About 39 percent of administrative actions make it through the judicial review to end in a demolition order.

The final part of the enforcement process is the execution of a demolition order. Mayors must sign and schedule the removal of an illegal land occupation. But mayors largely refuse to do so. Or, they postpone demolitions until the orders must be archived. Only 4 percent of court orders end with a sanction, which is the lowest rate of efficacy in the entire enforcement process.

Figure 3.5 visually summarizes the “leakage” at each step of the enforcement process to produce almost no enforcement. The vertical axis again represents the log of the number of cases so the change can be interpreted as the percent decline at each step; the dotted line shows a constant rate of institutional weakness of a third. In Bogotá, the rate of institutional leakage seems to be about a third, which is higher than observed in Lima. This observation is consistent with anecdotal evidence that the bureaucracy is stronger in Bogotá. What is most important to note is that a sharp deviation occurs from the log linear trend when mayors have to sign eviction orders. This drop reflects a “political bottleneck.”



**FIGURE 3.5. Enforcement Against Illegal Land Occupations, Bogotá, 2006-2011**

SOURCES: Bogotá Water Company (*Empresa de Acueducto, Alcantarillado y Aseo de Bogotá*, EAAB) (occupations); District Housing Secretary (*Secretaría Distrital del Hábitat*) (detection); Author’s Survey of District Housing Offices (cases, orders, and demolitions).

It may seem that weak state capacity is the major explanation for enforcement outcomes, given that such a small set of cases even makes it to the stage when enforcement orders are issued. However, it is important to emphasize that evictions have a very strong deterrent effect if executed due to the severity of sanction involved. If the roughly thousand cases that proceeded through the

bureaucracy actually ended with the execution of enforcement orders, squatters would have a roughly 1 in 25 chance of losing their house and investments. The harshness of the sanction is part of what makes it so repulsive to elected officials, but it also means that even a small amount of action can result in substantial deterrence.

Qualitative evidence supports the contention that the drop-off in actual sanctions reflects political calculations. Probing further, the demolitions that do occur are designed to minimize the impact on low-income squatters. Roughly half of demolitions resulted from pressure from the district comptroller (*Contraloría*), which monitors and sanctions officials for inappropriate or inadequate completion of assigned functions.<sup>148</sup> This concern has led some districts to conduct demolitions. One housing director explained the standard process by which districts created the impression of action for the Comptroller without affecting the use of land occupations as a way to house the poor:

“We did a few easy demolitions of abandoned constructions because technically the mayor is insubordinate if he does not execute the court’s orders. But we didn’t want a social drama, and *we can’t let urban control norms become more important than the need for housing*, so we just did enough to satisfy the Comptroller” [emphasis added].<sup>149</sup>

Other local mayors flaunted the threat of sanction by the Comptroller because they attributed blame to other authorities. A typical comment was that, “The failure comes from [housing programs] that offer no social plan to house these people, and from the city mayor who does not want evictions.”<sup>150</sup>

The second category of demolitions that have occurred in the city involve illegal land occupations by the upper class. Under institutional capacity theories, these demolitions are

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<sup>148</sup> In particular, a 2008 audit by the Comptroller faulted local mayors, particularly in Ciudad Bolívar and San Cristobál, for the failure to control illegal land occupations.

<sup>149</sup> Author interview with construction and zoning administrator, Ciudad Bolívar, Bogotá, Colombia, September 7, 2011.

<sup>150</sup> Author interview with housing inspector, Engativá, Bogotá, Colombia, July 21, 2010.

surprising because it is cheaper to demolish the homes of the poor (due to the size of the construction) and less complicated administratively (due to the poor's inferior access to lawyers). Yet mayors were willing to undertake these demolitions due to the reduced social and political costs. The political logic of targeting the upper class comes out in the comments of bureaucrats, such as one housing director who explained to me why her office ignored the poor and focused on enforcement against wealthy homeowners:

“The city mayor doesn’t want to disrupt things, where are you going to move all these poor people to? What good would it serve to take away their homes? There is no other place for them to go so you just can’t do it...*It’s different when wealthy people decide to build weekend chalets in the forest preserve. We took down 16 elegant homes last year because there is no reason that they should be there*” [emphasis added].<sup>151</sup>

More broadly, enforcement actions stop at the demolition stage for both social welfare and electoral reasons. Of housing sector bureaucrats that I interviewed, 96 percent (23 of 24) mentioned the “social costs” given the inadequacy of state housing policy as a reason that there was no enforcement. Bureaucrats emphasized that local governments would not enforce “until the [national] government had a response to those evicted who come to ask where they could go live.”<sup>152</sup>

Political calculations also matter in stopping enforcement actions. I asked bureaucrats whether they believed that the mayor lost (“1”) or gained (“10”) votes if he enforced against illegal land occupations. The average response was a “3,” and only one of 24 housing bureaucrats believed that the mayor would gain electoral support if he acted against squatters. Typical sentiments were that, “Any politician who dares to do [evictions] dies politically”<sup>153</sup> and “No mayor will have a political career going after the poor who build simple houses unless they have somewhere to put

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<sup>151</sup> Author interview with construction and housing director, Santa Fe, Bogotá, Colombia, September 7, 2011.

<sup>152</sup> Author interview with housing inspector, Ciudad Bolívar, Bogotá, Colombia, September 23, 2011.

<sup>153</sup> Author interview with judicial advisor, Rafael Uribe Uribe, Bogotá, Colombia, July 7, 2010.

them.”<sup>154</sup> Bureaucrats emphasized that mayors acted in line with popular preferences. In Ciudad Bolívar, where land invasions on open agricultural land continue apace, bureaucrats explained that mayors would not sign demolition orders because “the community does not think that evictions are the solution—they just want housing, and the mayor serves the community.”<sup>155</sup> Other politicians emphasized the effects on their broader image. In San Cristóbal, the district mayor signed eviction orders, but allocated no resources to the demolitions because “it would alienate the community, cause inconformity among citizens, and hurt the administration’s image.”<sup>156</sup>

Additionally, I asked bureaucrats whether they perceived that the lack of resources or political intervention in enforcement was the major constraint on enforcement. Only 8 percent (2 of 26 bureaucrats) named resources as the primary constraint on enforcement. Overwhelmingly, bureaucrats alleged that they could not enforce due to the political costs. Thus, political factors play an even more decisive role in weak enforcement in Bogotá compared to Lima.

In sum, fine-grained process tracing of enforcement outcomes helps to distinguish the role of institutional capacity and electoral incentives. Observations that mayors block bureaucrats from taking enforcement actions against the poor, and push for enforcement when upper class groups violate the law highlights the incomplete explanatory power of administrative capacity. Electoral politics provides greater leverage to understand why politicians let illegal land occupations persist in Bogotá.

### 5.5 *Political Centralization*

Bogotá is politically centralized, meaning that voters elect one mayor for the entire city. Given the heterogeneity of the city population, it is plausible that mayors who win election with the

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<sup>154</sup> Author interview with housing director, Rafael Uribe Uribe, Bogotá, Colombia, July 7, 2010.

<sup>155</sup> Author interview with housing inspector, Ciudad Bolívar, Bogotá, Colombia, July 28, 2010.

<sup>156</sup> Author interview with local mayor, San Cristóbal, Bogotá, Colombia, July 10, 2010.



support of nonpoor core constituencies would choose to enforce, as I illustrate in the next chapter on street vendors. Mayors with nonpoor followers plausibly could ignore the political costs of enforcement, and use their middle-class support as a buffer to implement enforcement policies in the long-run interests of taxpayers. Squatting differs from street vending, however, in that middle-class constituents do not easily observe control measures. Chapter 2 also showed how the harsh nature of evictions means that the middle class does not necessarily clamor for coercive measures. Hence, the upside of enforcement is muted even for mayors who do not depend on the poor's support for their political careers. This section confirms that mayors with nonpoor core constituencies do conduct slightly more enforcement than those with poor core constituencies, but these time trends are less pronounced than we will see in the case of street vending in Chapter 4.

Antanas Mockus was elected to his first term as mayor in 1995. He drew his core support, which only became concentrated with time, from middle-class voters. In office, Mockus undertook several important enforcement actions. According to Mockus, his predecessor as mayor did not impose a single sanction for violations of urban laws and he intended to enforce the parchment laws.<sup>157</sup> Mockus undertook 130 housing demolitions.<sup>158</sup> He also conducted one of the largest housing evictions in recent history, removing 7000 people from a newly formed settlement.<sup>159</sup> Enforcement events under Mockus are best explained by his “anti-politics” position; he deliberately positioned himself as a defender of the city’s long-term interests against the typical office-seeking politician. Mockus considered the tolerance of squatting a “shortcut” in which the long-term consequences for quality of life and urban planning were discounted (Mockus 2012). However, even Mockus was aware of the reputational costs of enforcement. As Mockus explained his reaction

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<sup>157</sup> Author interview with Antanas Mockus, Bogotá, Colombia, July 29, 2013.

<sup>158</sup> These statistics include partial housing demolitions and are compiled for Mockus’ second term due to data availability. Statistics come from the 2008 locality reports to the District Planning Secretary and exclude the district of Santa Fe due to differences in reporting over time.

<sup>159</sup> *El Tiempo* 2001.

to a large land invasion that occurred early in his term, he noted, “I didn’t have any interest in my second day as mayor to begin with an eviction and all the media attention that it generated about not caring about the poor”—but he chose to enforce because he “didn’t want to create a precedent.” Mockus admits that enforcement against squatting was “not a grand theme” in his administration, unlike street vending, because “sincerely more than half of Bogota was built illegally.”<sup>160</sup> Although Mockus did more enforcement than most mayors, he risked alienating the poor majority with little upside in terms of middle-class support if he went further with enforcement.

Likewise, Peñalosa was elected with the support of nonpoor core constituencies but saw minimal gains from enforcement. In contrast to his firm enforcement position against unlicensed street vendors, which I explore in Chapter 4, Peñalosa largely favored forbearance and reactive housing policies for squatters. There are two major reasons for this difference. First, illegal land occupations were invisible to the middle class and thus there was little to gain from enforcement. And, second, Peñalosa supported a position of social regulation, meaning that he disapproved of illegal land occupations, but saw coercive sanctions as too harsh in the absence of housing alternatives. Peñalosa set out to offer housing alternatives to the poor so subsequent administrations could enforce, and reduce the long-run costs on the middle class. On this basis, Peñalosa invested heavily in social interest housing programs, including the creation of Bogotá’s own land bank and housing agency, *Metrovivienda*. He also legalized hundreds of existing squatter settlements. Reactive policies were intended as a one-off legal recognition that would be combined with substitutive housing investments to transition to a formal development model. However, the

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<sup>160</sup> Mockus’ main regret was that his administration did not create a system to track illegal land occupations so that the city government could understand “whether housing programs actually were making progress in stopping illegal constructions.” Author interview with Antanas Mockus, Bogotá, Colombia, July 29, 2013.

small scale of the city's housing projects meant that it could not crowd out squatting without greater cooperation from the national government, which was not forthcoming.<sup>161</sup>

The election of Luis Garzón, who represented the labor-based Polo Party (*Polo Democrático Alternativo*, Polo), marked a sharp shift in core constituency. The Polo administrations were elected overwhelming with the support of poor voters, and in line with this commitment, they quietly defended illegal settlements when they involved the poor. More than three-quarters of bureaucrats that I surveyed believed that the Polo Party was more tolerant of illegal land occupations than previous administrations. That said, in the case of illegal land occupations by upper-class groups, Garzón worked with district mayors to conduct housing demolitions.<sup>162</sup> Likewise, Petro has defended the poor who have invaded the forest preserve, while urging a hardline against illegal occupations by the nonpoor. A court order required the removal of all construction in the forest preserve.<sup>163</sup> Petro instead signed a pact to legalize illegal land occupations by the poor, and block wealthy groups that built in the preserve. As he told the press, “We only want [the agreement] not to affect land in the Forest Preserve that traditionally has been used as neighborhoods in the eastern hill *and that are low-income neighborhoods*, we do not want a single square meter more of the hills

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<sup>161</sup> Metrovivienda has built just 12,000 homes, or 1.65 percent of the housing stock in its most active period between 1993 and 2005 (Casasfranco and Arcos 2007). It has been all but abandoned since then.

<sup>162</sup> These land occupations occurred primarily in the nonpoor districts of Chapinero and Usaquén. Garzón's scheduled demolitions were to protect the forest reserve and remove wealthy homes. See “Se inicia demolición de construcciones sin permisos en zonas forestales de Bogotá,” *Caracol* 20 Jun 2006. One local mayor, Angélica Lozano in Chapinero, ordered and conducted several demolitions, while several recent demolitions also were reported in Usaquén and Santa Fe.

<sup>163</sup> In 2006, environmental groups brought a lawsuit against the city government for its failure to protect the preserve from urbanization. Environmental advocates won in the lower court, which ordered the city to remove all constructions from the preserve and protect the area from future land occupations. The removal—if it relocated or compensated poor residents—would cost more than the city's entire budget.

touched by construction industry interests and to capture rents that end up impoverishing the city” (emphasis added).<sup>164</sup>

In sum, only mayors with middle-class constituencies have been willing to stomach the political costs of evictions of the poor, and even these mayors have recognized the electoral repercussions and pushed for improved housing policies as a precondition for enforcement. Mayors with poor core constituencies have tried to enforce against the nonpoor, but have avoided harming the poor who invade land out of necessity. These observations are consistent with a theory in which electoral politics, not capacity constraints, explain enforcement choices.

## 5.6 *Conclusions*

It is useful to close this section by highlighting just how unique these observations are compared to dominant explanations in the literature. First, the common view is that states are unaware and unable to sanction illegal land occupations. This section concurs that enforcement against illegal land occupations is complicated and costly. But process tracing reveals that Bogotá actually maintains substantial knowledge and infrastructure to control illegal land occupations. Even when district governments manage to prosecute illegal occupations, mayors block sanctions when they arrive at their desk. Further evidence that these choices are politically motivated come from observations that mayors are less willing to enforce against the poor compared to the nonpoor, and they are less likely to enforce when they represent poor core constituencies.

Some may ask, why bother with these administrative proceedings at all? The idea of an entire bureaucratic process that almost never results in a sanction seems Orwellian if viewed through conventional perspectives on enforcement. In some ways, the case of Lima, which has never built a

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<sup>164</sup> “Petro no permitirá construcciones en los Cerros Orientales,” *El Espectador*, 26 Jul 2013; “Firman pacto para atajar construcción en los cerros orientales de Bogotá,” *El Tiempo*, 26 July 2013. Petro also has shifted the enforcement focus to intermediaries who sell land in areas unsuited for urban development, rather than the purchasers.

bureaucracy to control land invasions, makes more sense. Indeed, because so few cases end in evictions, some districts in Bogotá endogenously choose not to invest in the other steps of enforcement. A pair of district officials told the city government to stop sending them reports of new illegal land occupations because, “if no mayor will enforce, then our resources are better spent on other types of cases.”<sup>165</sup>

The choice to invest in an enforcement apparatus relates to my contention that weak enforcement does not involve state neglect or withdrawal from these areas. Bureaucrats emphasized that they viewed their job as expanding institutional presence to informal settlement areas. When asked how it feels to see complex administrative work end without a sanction, one bureaucrat provided a common rationalization: “The idea is to show that the city is watching, and to show that this isn’t a no man’s land. I can’t really stop things, but I can show people that the state exists.”<sup>166</sup> The state goes through the motions of enforcement to show that it *could* control illegal land invasions. Mayors choose not to take the final step because it would erode, rather than build, support in the eyes of poor constituents. The issue is not whether Colombia can bring in the police to evict squatters; it is whether squatters have anywhere else to live.

Second, some theories of squatting have focused on strategic decisions by rent-seeking politicians. The spirit of these arguments is that politicians enforce when it is in their economic interest, and leverage the revocable nature of forbearance to extract the most rents from the population (*e.g.* Collier 1976; Fischer 2008; Onoma 2010). But rent seeking explanations flop in the case of Bogotá. The rare cases of enforcement have involved upper class groups that should be most capable of preventing enforcement. It is unlikely that squatters can organize and bribe officials to stop enforcement more effectively than the nonpoor. Only four bureaucrats surveyed, for

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<sup>165</sup> Author interview with judicial advisor, District of Engativá, Bogotá, Colombia, July 13, 2010.

<sup>166</sup> Author interview with housing inspector, Ciudad Bolívar, Bogotá, Colombia, July 28, 2010.

example, believed that it was common that squatters paid the police to prevent enforcement. Instead, forbearance in favor of the poor has been a strategy to provide welfare informally in the absence of effective national housing alternatives.

## **5 Substitutive Housing Policies and Enforcement: Santiago**

In contrast to Peru and Colombia, Chile's housing policy reduced the electoral costs of enforcement against land invasions. While substitutive housing provision ultimately reduced material demands for illegal land occupations, its initial effects were on mass attitudes. The public held national authorities responsible for housing provision and turned against land invaders because they jeopardized more desirable state solutions. Whereas politicians lost electoral support if they enforced in Bogotá and Lima, voters in Santiago viewed local politicians who enforced as committed to helping the poor through the welfare state and upholding property laws. Hence, it was in the electoral interests of local politicians to enforce. Enforcement in turn led voters and mayors to push to improve state housing policies, which further expanded the state's distributive capacity.

The Chilean case also exposes how historical legacies and political parties affect the transition to a formal welfare equilibrium. Repression of land invasions under a military government meant that demands were structured around prospective, rather than reactive, housing policies. The context of a democratic transition also elevated and made visible the costs of forbearance. Beyond the unique historical context, I argue that a coherent party system lengthened political time horizons to make initial housing investments and convinced mayors to buy in to a system of state housing provision before it effectively sopped up the poor's housing demands.

### *6.1 Substitutive Housing Policy*

Chile's history of democratic breakdown colored its housing policy. In the run-up to the election and early years in office of Socialist President Salvador Allende (1970-73), more than 380

informal settlements housing 400,000 people formed through land takings in Santiago (Castells 1971: 8; Fadda and Ducci 1993). Allende—who aspired to build massive quantities of social interest housing—was explicit in his support for forbearance as an additional form of informal redistribution. As a “government of the people,” Allende refused to repress informal settlement formation (Portes and Walton 1976: 83). Rampant land invasions contributed to the sense of social chaos and redistributive threat that provoked the military to overthrow Allende.

When General Augusto Pinochet took power in a coup, he ended land invasions as an informal housing policy.<sup>167</sup> The military government initiated demand-based subsidy policies to assist the middle class. To free up land in upper-class neighborhoods, Pinochet relocated at least 50,000 poor families to barracks on the urban periphery (Schneider 1995: 99-101). With little possibility to invade land or enter housing programs, many poor families crowded into whatever spaces they could afford. “Overcrowded” residents (*allegados*) in apartments and existing settlements organized politically as part of the Movement of Shantytowners (*Movimiento de Pobladores*, MPL). MPL played a central role in protests against the dictatorship, and drew attention to the plight of the poor.

The popular demand for housing was clear at the end of the dictatorship. An estimated 583,220 households lived in overcrowded conditions or shantytowns in urban areas, or a fifth of the urban population (Arriagada Luco and Moreno Crossley 2001: 29-30).<sup>168</sup> Because squatters had been repressed, Chile’s housing deficit was largely quantitative in nature. Households in overcrowded

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<sup>167</sup> There was one major exemption. The poor did stage a huge land invasion of some 8,000 families in September 1983. The government did not evict the massive invasion, given the depth of the economic crisis at the time. However, it purposely attempted to deter any further attempts. The army, police, and secret police conducted neighborhood searches at all hours and arrested men at random to make the invasion community serve as a warning to others (Klaarhamer 1989: 186; Oxhorn 1995).

<sup>168</sup> Overcrowding statistics are available at the household level. If we assume that each household has an average of four members, then out of Chile’s 10.9 million urban residents, one in five lived in an overcrowded household.

conditions needed more houses, not reactive policies to upgrade existing ones. A fifth of the population nationwide named the lack of housing as one of the country's principal problems (Centro de Estudios Públicos 1991).

The democratic transition brought an intense focus on how to resolve the poor's housing demand out of fear that social pressures would explode in land invasions and destabilize the regime. A series of land invasions during the transition stoked this concern. Housing Minister Alberto Etchegaray condemned the invasions as "concerted actions designed to destabilize the future government,"<sup>169</sup> and his sentiments were echoed by a host of congressmen and party officials (Hipsher 1996: 283). A Housing Ministry report captures the centrality placed on crowding out land takings: "Overcrowding induced a fear of a massive process of land invasions...the success of the [state housing policy] is manifest in that land invasions never occurred" (Arriagada Luco and Moreno Crossley 2001: 15).

President Patricio Aylwin (1990-94), a member of the Christian Democratic Party (*Partido Demócrata Cristiano*, PDC) that formed part of a bloc of parties on the political Left (*Concertación*), designed his housing policy to stymie invasions. The goal was to accelerate the number of housing units that the state produced, largely irrespective of quality or surrounding urban features. Government-commissioned production of housing nearly doubled from 78,000 in 1990 to 138,000 units per year in 1994. The mark of success was that Chile produced more social interest housing than the increase in demand, thereby becoming the only Latin American country to reduce its quantitative housing deficit (MINVU 2006).

The Chilean housing system is often erroneously viewed as a neoliberal model where the state provides savings and credit to correct market failures and then backs off. What is missed is that the state maintains a heavy hand to make housing reach the poorest segmented of the income

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<sup>169</sup> *El Mercurio*, 13 Feb 1990



distribution. Unlike in Colombia and Peru, for example, the state contracts the private sector to build the number of housing units required to match the subsidies provided. Chile initially faced many of the same problems that construction companies refused to build for the poor, but it worked its way through these issues. As one former housing ministry official notes, “There is a price for everything, and the government just paid [construction companies] enough until they would build...The government made clear that the targeting was non-negotiable.”<sup>170</sup> The effectiveness of Chile’s direct housing project promotion can be seen in the fact that roughly three-quarters of recipients use their assigned subsidies within the course of several years.<sup>171</sup> Moreover, the state bank provided loans to poor families who would not qualify on standard markets. Massive defaults on state mortgage loans to the poor made the housing program even more generous than intended.

Despite extensive state intervention, housing construction initially struggled to reach the poor. The lowest two quintiles only received 25 percent of total budget outlays in 1992. The poorest households within these quintiles failed to meet the savings requirements, and fell outside of state policies (Marcano and Ruprah 2008: 10). But the poor’s share of public expenditures would climb to 56 percent in 1996 and 67 percent in 2003, as the Chilean state adapted to the challenges of reaching the poor. As official in the Finance Ministry put it, “The voucher system has never worked for the first and second quintile, we learned that you just have to give houses away.”<sup>172</sup>

Indeed, housing policy became more bottom-targeted as the government simply gave houses to the poor. President Ricardo Lagos (2000-2006) understood that there was a trade-off between

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<sup>170</sup> Author interview with former housing ministry official, Santiago, Chile, June 21, 2012.

<sup>171</sup> The Construction Chamber shows that the number of homes constructed usually is about 75 percent of the level of subsidies granted, but recipients have several years to use the subsidies so roughly 82 percent of recipients eventually find housing (CChC 2008).

<sup>172</sup> Interview with Slaven Razmilic, Coordinator of Social Policies, Finance Ministry, Santiago, Chile, June 21, 2012.

savings requirements and coverage of the poorest. He opted to extend housing programs to the poor by eliminating mortgage and savings requirements. Fear of land invasions had faded as they were repressed and squatter settlements were a minor issue. Instead, as I discussed in outlining the broader justifications for housing investments, the Chilean Left stressed a basic needs approach to housing provision. Lagos, for instance, justified the housing investments as “a matter of human dignity.”<sup>173</sup> Cabinet members objected that gifting houses to the poor without savings or mortgage requirements would build dependency on the state. To alleviate these concerns, the government introduced participatory measures in which poor families would help design the housing projects that they received. The *Casas Lagos*, or Lagos Houses, as they were colloquially known, proved immensely popular.<sup>174</sup> Demand outstripped the large supply of 100,000 houses built each year (Lagos 2012: 188). A testament to the improved targeting, the government spent three-quarters of its housing budget on the bottom third of the income distribution under Lagos (Rodríguez et al. 2006: 14).<sup>175</sup>

Not to idolize Chile’s housing policy, the downside of an emphasis on housing construction has been spatial segregation. A rush to build houses meant that government projects were placed in the poorest districts of Santiago distant from the city center. Subsequent presidents have tried to rectify these problems. In particular, President Michelle Bachelet (2006-2010) reformed housing programs to increase the size of state benefits from an average upfront subsidy of \$10,000 to over \$18,000 for the poorest quintile to purchase houses in better locations. Central government

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<sup>173</sup> Author interview with Ricardo Lagos, Cambridge, Massachusetts, October 8, 2013.

<sup>174</sup> This program was called Dynamic Social Housing Without Debt (*Vivienda Social Dinamica sin Deuda*).

<sup>175</sup> In recent years, President Sebastián Piñera has expanded subsidy programs for middle-income groups in an attempt to universalize coverage *up* the income distribution. In 2011 and 2012, 46 percent (28,753) of all subsidies allocated went to middle-class families (MINVU 2013).

investments in transportation and public services have started to address some of the broader problems of urban segregation created by the spatial clustering of housing projects in poor districts.

The discourse surrounding housing policy has shifted away the provision of housing to the quality of conditions in large part due to Chile's success in meeting the poor's basic demands. Bachelet's Undersecretary of Housing Paulina Saball—also a central figure in Aylwin's administration—explains that a lack of attention to social segregation was the unfortunate downside of an intense focus on making sure that each household had an adequate house. Saball, however, emphasizes that the government had no other choice after the democratic transition. The priority was to prevent land invasions and reset societal expectations:

“The key pragmatic question was how in a short period of time could the government signal that it was possible to absorb a housing deficit of this magnitude through the State? We had to recover the confidence of the poor that the State would build housing—not all in one term—but that under democracy it would happen and make land takings unnecessary.”<sup>176</sup>

These remarks bring out two ways in which Chile's housing policy was not a foregone conclusion. First, substitutive housing policy constituted a major shift from the dictatorship's approach. The dictatorship had disrupted beliefs that the state would provide for citizens' housing needs, and the magnitude of the accumulated housing deficit made actors doubt that the state could step in to address the issue. This view contrasts with Soifer (2013)'s argument that Chile's substantial distributive capacity led citizens to expect a state role in housing provision. Instead of drawing on preexisting welfare expectations, national officials intentionally tried to use housing expenditures to change beliefs about the state's distributive capacity. Second, it was unusual that the Concertación made housing the cornerstone of its social policy investments. Indeed, many scholars have underestimated the size and progressivity of the Chilean welfare state, particularly in the 1990s, by only looking at other social policy areas like income support or health where it made limited

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<sup>176</sup> Author interview with Paulina Saball, Director de la Unidad de Difusión y Fomento, Ministerio de Vivienda y Urbanismo under Aylwin, Subsecretaria de Vivienda y Urbanismo under Bachelet, July 4, 2012.

advances (Garay 2010; Huber and Stephens 2012; Pribble 2013). Yet, as President Lagos puts it, the provision of housing to the poor has been one of Chile's most important social policy investments and, unlike most of Latin America, Chile "can truthfully say that it has almost eliminated slums."<sup>177</sup> I now show how the turn to substitutive housing policy crowded out illegal land occupations and led to uniform enforcement.

## 6.2 *Crowding Out Squatting*

Chile transitioned to democracy with an enormous advantage over countries like Peru and Colombia: only a small fraction of the population lived in squatter settlements. The military government had provided more than 500,000 property titles to the urban poor (Gilbert 2002: 5), relocated squatter settlements, and repressed land invasions. The central issue was whether the national government could prevent new land invasions from forming under democracy.

Substitutive housing policies began to directly "crowd out" the poor's material demands for housing. Even with a building crunch and deep pockets, Chile's investments barely dented the poor's housing demand in the short run. Most applicants waited five to ten years in the housing queue. The Concertación's policies only reduced the housing shortage among the poorest quintiles by 12 percent in the 1990s (Marcano and Ruprah 2008: 6). In the 2006 household survey, 47 percent of poor families nationwide still lived in overcrowded conditions, and the quantitative housing deficit stood at half a million houses (CASEN 2006). Housing policies absorbed some demand. Nevertheless, it would be a stretch to say that Chile "crowded out" land invasions by offering an immediate resolution to the poor's material demands.

In critical ways, Chile created disincentives for illegal land occupations. It took a firm stance against reactive housing policies like the provision of property titles, unlike in Peru and Colombia. In 1996, Chile instituted its only reactive housing policy called *Chile Barrio* to improve conditions in

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<sup>177</sup> Lagos (2012: 188) and author interview with Ricardo Lagos, October 8, 2013.

preexisting informal settlements. The government stood firm on the program's end date. As the program subdirector Marcelo Carvallo explained, "Chile Barrio will not incorporate new settlements, by definition; from its creation, we did not want to signal that we are going to solve the social housing problem through land takings" (Carvallo 2000: 61). This promise was credible in large part because the government had ramped up its housing expenditures. Contrast this single reactive program, coupled with a major push to create formal housing solutions, with Peru and Colombia's near constant legalization of informal settlements without options for the landless urban poor to access housing.

The success of Chile's joint housing investments and abstention from reactive housing policies can be seen in the decline in illegal land occupations. The Housing Ministry maintains a census of informal settlements (*Catastro de Asentamientos Informales*), which shows a sharp drop in the number of families living in informal settlements. The settlement population in Santiago dropped from 10,162 in 1995 to 3,179 in 2006 (MINVU 2013: 104). Because housing programs promised property ownership within the span of years and land invasions were unlikely to end in legal recognition, the attractiveness of land takings to the poor fell in Santiago. The poor instead looked to the state to meet their housing needs.

### 6.3 *Demand Displacement*

A central effect of Chile's housing policy was to shift popular demands from local politicians to state housing authorities. First, substitutive housing policies reorganized popular interest associations. At the democratic transition, Chile saw a massive movement of "overcrowded" residents who demanded solutions to their housing needs. Yet, rather than take land and create squatter settlement associations, citizens created housing committees to apply for state subsidies. State authorities deliberately promoted this transference. Applicants received priority if they applied for housing as a group. Housing committees had to acquire legal status to apply—which they would

lose along with all social benefits—if they attempted to take land illegally. This process inverted the Peruvian one in which illegal land occupations were required to register their associations with the state and only once they had possession over illegal land could they become eligible for basic services and construction subsidies. Given state encouragement in Chile, local housing committees with a minimum of 50 families proliferated to apply for subsidies. The social movements around housing like the MPL and the national shantytown association Solidarity themselves were transformed. They directed their energies to support local housing committees in the “struggle for state housing.”<sup>178</sup>

In addition, the government established a transparent housing queue so applicants knew where they stood in the process. Applicants opened bank accounts and began to save for the deposit on their new home. Accordingly, even if they did not receive a house in the early period, they were committed financially to the system. The transparent enrollment process—combined with rapid construction and concrete financial investments in the system—helped instill a shared belief that the state would address housing demands through sustained investments in the sector. The head of the PDC’s shantytown unit praised the housing policy design because it “gives people hope and *makes them believe that the government is with them*. If these mechanisms didn’t exist, the people would have exploded” [emphasis added] (qtd. in Hipsher 1996: 286).

Strengthened popular demands can be seen in the national housing application process itself. Since the transition, more than 100,000 households have applied for housing subsidies in Chile each year (CChC 2011). Local mayors believe that they are judged for their willingness to generate housing projects in conjunction with local housing committees and the national government.<sup>179</sup> I

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<sup>178</sup> Author interview with MPL leader, Santiago, Chile, June 23, 2012.

<sup>179</sup> This association was particularly true in the early years of the program. The role of local mayors was reduced when collective applications were eliminated, and the market was opened to the purchase of used construction. In addition, mayors in poor districts have come to be wary of new

found that 8 of 16 mayors in poor districts made mention of their work on housing projects as part of their campaign materials in the 2008 campaign. For example, Mayor Claudio Orrego considered one of the “11 most frequent lies” about his campaign to be that “he did not support overcrowded residents and refused to change zoning requirements (*Plan Regulador*) to create new social interest housing.”<sup>180</sup> Local councilors described their work in terms of constituency service (*tramitador, orientador*) to help residents access national housing projects.<sup>181</sup> The frequency of state housing demands suggests the key role of substitutive housing policy in displacing demands to the state as the central provider of housing; district mayors then become intermediaries who increase pressure to improve access to state resources.

Concomitantly, demands for forbearance plummeted. State officials believed that the public rejected land invasions as a threat to state housing programs. Common impressions of state officials were that land invaders were impatient—they “just tried to jump the queue”<sup>182</sup>—or fraudulent and lazy—“they are people who don’t qualify for state housing” or “don’t want to pay the monthly installments” required in housing projects.<sup>183</sup> To see this difference in impressions of squatters more systematically, I asked bureaucrats whether they believed that illegal land occupations were justified because the poor had no other means to access housing. In Lima and Bogotá, roughly half of bureaucrats agreed with this statement. Not a single housing official believed that land takings were justified in Santiago.

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housing projects given that the compensation to the district is insufficient for the demands placed on local services. Author interview with Pedro Isla, Mayor, District of San Ramón, June 21, 2012.

<sup>180</sup> “Las 11 mentiras más frecuentes para desprestigiar al Alcalde Orrego y las verdades que debe saber,” Campaign Pamphlet for Claudio Orrego, 8 Aug 2008.

<sup>181</sup> Author interview with Claudia Lange, Councilor, District of San Ramon, Santiago, Chile, June 19, 2012.

<sup>182</sup> Author interview with head of rents, San Bernardo, June 23, 2012.

<sup>183</sup> Author interview with director of inspections, District of Peñalolén, January 11, 2012.

Lastly, the fact that citizens were willing to report land takings to local authorities highlights the extent of societal rejection. Common experiences of local mayors and bureaucrats were that constituents reported land invasions immediately. Local housing committees feared that squatters would take the district's land and undermine their ability to access state housing programs.<sup>184</sup>

#### 6.4 *Mayoral Decisions*

Santiago elects district mayors who report land invasions to the police and state authorities. However, unlike Lima, district mayors called the police to suppress land takings in Santiago. No government tally of attempted and failed land invasions exists for the period so I culled newspaper for reports of invasions. I found 25 reports of attempted illegal land occupations in Santiago between 1990 and 1996, ranging in size from 25 to 860 families, in the country's main newspaper *El Mercurio*. Of these, 19 met with immediate police repression, and the response to the others could not be identified.

It is impossible to replicate the enforcement process tracing exercise in Santiago because the government has so thoroughly suppressed land invasions that no cases pass through the system. The best approximation comes from asking state officials what hypothetically happens in the case of illegal land occupations. First, when asked, politicians reject the idea of forbearance as a form of informal welfare provision. Even politicians from the Communist Party, which had a long history of involvement in land invasions in Chile and thus were most likely to remain sympathetic, scoffed at the idea of informal welfare provision: "Obviously, we cannot return to the old system where people invaded land. We now have a housing system to help people who need it."<sup>185</sup> Second, within a functioning formal housing system, the electoral costs of enforcement were perceived quite

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<sup>184</sup> Author interview with Pedro Isla, Mayor, District of San Ramón, Santiago, Chile, June 21, 2012.; Author interview with Juan Carlos Riveros, Director of Operations and Inspections, District of Peñalólen, January 11, 2012.

<sup>185</sup> Author interview Tamara Homel Navarro, Local Councilor, District of Pudahuel, Santiago, Chile, January 17, 2012.



differently. As in Bogotá and Lima, I asked district bureaucrats if they believed that mayors in Santiago lose (“1”) or gain (“10”) political support when they evict squatters. The average response in Santiago was a 7.3 (compared to just 2.8 and 3.4 in Bogotá and Lima, respectively). In other words, enforcement was perceived to have a positive impact on the public’s impression of the mayor. Third, qualitative data reinforce that evictions do not compromise a mayor’s image in the community. Enforcement was perceived to show deference to state housing programs and the rule of law, rather than pro-poor sympathies. For instance, local officials explained that enforcement “just made clear that the mayor was committed to the state’s housing policies”<sup>186</sup> and “it hurts more than it helps the candidate to not support the law.”<sup>187</sup> Cooperation with the state to provide housing—not forbearance—signaled a mayor’s commitment to the poor.

A focus on the illegal land occupations that did succeed further reinforces the relationship between enforcement and housing programs. The first successful land taking under democracy, the Campamento Esperanza Andina, occurred in Peñalolén in July 1992. It included 850 families. Government officials condemned the invasion, which they saw as a threat to state housing policy and a dangerous precedent. But the government’s housing policy remained in its infancy. Officials faced a tough dilemma: they feared that evicting squatters would be excessively similar to the military regime’s tactics, but they also worried that forbearance or relocation would encourage other invasions (Figueroa 2003: 563). Ultimately, the government negotiated the expropriation of the land in favor of the squatters and took steps to prevent that the invasion set a precedent. The government increased training for mayors and police to evict squatters immediately. As a housing official describes, “The policy was to use force immediately so that takings would not consolidate

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<sup>186</sup> Author interview with director of inspections, District of Peñalolén, Santiago, Chile, January 11, 2012.

<sup>187</sup> Author interview with Genaro Ballardes, Local Councilor, District of Pudahuel, Santiago, Chile, January 17, 2012.

and create tension between repression and social needs, and at the same time to accelerate housing programs as much as possible.”<sup>188</sup> Hence, we can see that before substitutive housing policy developed in Santiago, politicians faced similar tensions to those observed in Lima and Bogotá. As housing policies improved, illegal land occupations nearly ceased.

Political parties played an important role in prodding mayors to stop illegal land occupations before Chile’s housing system managed to address the poor’s housing demands. Given Santiago’s political decentralization, it could have been in the interests of district mayors to boost their constituents’ welfare and tolerate illegal land occupations in the 1990s. Strong political parties worked to prevent this situation. State housing officials met extensively with district mayors to secure their cooperation with the state’s housing policy, but their main concerns centered on districts where allied mayors from the Left were in power. When poor districts elected district mayors from the political Right, these mayors were unlikely to promote land invasions. The popular Right party, the Independent Democratic Union (*Unión Demócrata Independiente*, UDI), used a segmented strategy that combines clientelism to attract the poor with a programmatic defense of its core constituency of business and conservative elites (Luna 2010). The promotion of land invasions would have been anathema to the party’s nonpoor constituencies, even if it gained favor in poor districts where UDI mayors took office. The main threat of forbearance thus came from district mayors aligned with the Concertación, many of whom had ties to squatter movements. Party elites in both the Christian Democratic and Socialist Party were very explicit that state housing programs for the poor, not illegal land occupations, were critical to the success of their parties’ programmatic initiatives. As the Socialist Party Secretary explained, “It would be easy to occupy the piece of land near the airport and to encourage a big land seizure to solve the problem but that would be

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<sup>188</sup> Author interview with Paulina Saball, Director de la Unidad de Difusión y Fomento, Ministerio de Vivienda y Urbanismo under Aylwin, Subsecretaria de Vivienda y Urbanismo under Bachelet, July 4, 2012.

irresponsible on our part. We don't want to provoke the police or our opponents" (Hipscher 1996: 284). As one mayor who governed a poor district during the 1990s explains, "There were some segments of the ultra-Left that went to take land, but the major political parties all committed to evict them immediately and worked with the committees of overcrowded residents to find formal housing solutions."<sup>189</sup>

## 6.5 Conclusions

To wrap up, this section demonstrated how substitutive social policies were designed, and succeeded, to prevent illegal land occupations in Santiago. While state construction reduced material needs, it took decades for housing policies to meet social demands. Instead, substitutive housing policies first impacted citizens' demands and beliefs about the way to secure housing. Land takings were viewed as a challenge to the state's provision, and therefore mayors ran limited political risks if they enforced.

A potential counterargument is that the threat of a coup, not substitutive housing policies, led Chile to enforce against land invasions. Hipscher (1996), for instance, persuasively demonstrates that social actors held back from taking land because they did not want to repeat the radical redistributive claims that undermined democracy. Local mayors may have understood the centrality of enforcement to their political careers, but primarily because they worried about democratic stability. It is unclear if substitutive social policies could have controlled land invasions as resoundingly in "normal" political times.

I agree that the ability of substitutive housing policy to thwart land invasions was aided by Chile's political history. Nonetheless, I see the main effect of the precarious historical moment to be a rare political consensus on the need for housing policy to prevent land invasions and the benefit of a *tabula rasa* in which the urban poor did not live in informal settlements. The persistence

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<sup>189</sup> Author interview with Pedro Isla, Mayor, District of San Ramón, Santiago, Chile, June 21, 2012.

of popular condemnation of squatting after threats to democracy eased attests to the role of substitutive housing policies in maintaining an enforcement equilibrium, rather than the military waiting in the wings. Popular sentiment turned against squatters as impatient and disrespectful of state housing policies. A consensus rejecting land invasions helped mayors enforce against squatters and centered demands on state housing provision.

The fact that the public condemns land invasions as a form of cheating suggests that state capacity plays a role in enforcement, although not the one conventionally discussed. Chile's distributive capacity was critical in its ability to control squatting. Popular rejection of squatting was aided by a belief that Chile's housing system worked in a fair, transparent way. Were programs riddled with patronage or targeted at undeserving groups, perhaps the poor may have accepted land invasions as a justified response to welfare state dysfunction. Or, if programs were mere token initiatives, mayors would have incentives to tolerate land invasions to supplement politicized or minimal housing allocations. Instead, Chile created an institutionalized and transparent system to allocate housing. It also put money behind these programs. As such, mayors could claim that they promoted the poor's well-being through an orderly use of district land for state housing projects.

To date, Santiago is the only case of a large city in the region that has eliminated the formation of illegal settlements through social policy mechanisms. Its uniqueness lies in the political consensus that developed to design housing policies to stop land invasions; these commitments were credible due institutionalized political parties that helped coordinate the behavior of mayors and a competent housing bureaucracy. Substitutive housing policies displaced demands to state authorities and shifted the incentives for district mayors to enforce. As I show in Chapter 5, the legacy of dictatorship plays out very differently—and favors forbearance due to limited social policy and negative associations with the dictatorship—in the case of street vending.

## 7 Conclusion

How do informal and formal welfare policies relate? This chapter has demonstrated their substitutive properties in the case of housing. It demonstrated the importance of national welfare policies for enforcement incentives in three countries that vary in the scale and targeting of housing expenditures. Peru has implemented skeletal housing policies and Colombia has favored middle-class groups through truncated expenditures. These complementary housing policies have encouraged forbearance by local mayors. In contrast, Chile's substitutive housing policies reshaped political incentives to make enforcement possible. Beyond simply identifying these different welfare equilibria, this chapter has explained how these different patterns have been reproduced.

Complementary housing policies heightened the electoral benefits from forbearance. The case of Peru most dramatically illustrated this process. Inadequate housing policies led the urban poor to seize land, mayors to tolerate invasions, and national governments to bow to demands to legalize past takings. Expectations of inadequate provision and eventual legalization reproduced the forbearance cycle. Widespread squatting, weak parties, and political decentralization make it unlikely that Peru can move away from an informal housing model. Colombia represented a similar, although less extreme case, of the forbearance equilibrium. The absence of effective housing policy substitutes has encouraged mayors, and particularly those with poor core constituents, to favor forbearance. However, the lower rate of illegal land occupations—plus rules that mean that the governments pay the costs of forbearance immediately—increases the chances for a successful transition to substitutive housing policies.

The contrast of substitutive housing policy in Chile reinforces both how housing policy changes local enforcement incentives, and the virtuous cycle that ensues once land invasions are blocked as a means of housing access. Chile's housing policy reflects a deliberate attempt—albeit in very special historical circumstances—to get local mayors and citizens to overcome instincts to

permit land takings to resolve short-term housing demands. Investments in housing policy prodded citizens to demand and receive more from the state, which helped Chile to sustain improvements in the targeting and scale of housing projects.

In many ways, it is unsurprising that a capable state like Chile both builds houses for the poor and prevents land seizures, while a far feeblar state like Peru manages neither task. This chapter has taken seriously concerns that weak state capacity both determines a country's social policy expenditures and enforcement actions, and used a rich array of administrative and qualitative data to pull apart different dimensions of state weakness. What is novel is that the case study evidence shows the importance of distributive capacity, rather than police or bureaucrats, in facilitating divergent enforcement outcomes.

Even in Chile, the case-study evidence revealed the government deliberately invested in housing for the poor to deter illegal land occupations. Chapter 5 reinforces that this outcome was not an inevitable result of a state with capable police and courts. In a context where the Chilean government has been unable to resolve the poor's distributive needs—employment—politicians have pursued forbearance against street vending as an informal welfare policy.

Colombia stood out as an instructive case of intermediate and checkered state strength where a well-equipped bureaucracy and police plausibly can control illegal land occupations. Mayors stopped enforcement after the administrative process was complete, and they did so most frequently when cases involved the poor and when their core constituencies were drawn from poor voters. These observations are hard to square with conventional capacity-based theories.

While the evidence for forbearance was weaker in Lima due to its less capable and coherent enforcement institutions, state officials were explicit that weak enforcement resulted from skeletal housing policy. Existing information about squatter settlements, for instance, was not applied to enforcement. National authorities could create a coherent agency to monitor illegal land

occupations, as in Bogotá, but they see little incentive to do so when the housing bureaucracy is designed to legalize and assist land invasions. Quite a different type of weakness, namely lousy social policy and a collapsed party system that leads executives to favor short-term projects like property titling, drives weak enforcement against illegal land occupations. The next chapter shows how a divergent enforcement outcome emerges in the case of street vending in Lima, despite the same weak police and bureaucracy. While only mayors in poor districts are tasked with enforcement against squatters, street vendors spread across the city and have led to effective control by mayors with nonpoor core constituencies and in middle-class districts. Electoral geography, rather than state weakness, is critical to understanding these differences.

## Chapter 4

### **Employing the Poor**

“Street vendors receive a ‘subsidy’ in the form of free rent, public services, and a way to make a living. This is the bare minimum of what a just society owes the poor.”

—Yezid García, City Councilor, Bogotá, Colombia

The previous chapter showed how the social policy context results in divergent enforcement incentives and outcomes for squatters. This chapter takes up the challenge of explaining divergent enforcement responses in a context in which social policy substitutes are largely unavailable: street vending. If we expect similar responses from cities with similar political and economic profiles, then we would expect parallel courses of enforcement from governments in Bogotá and Lima. Both countries lack substantial unemployment insurance and job training programs to substitute for street vending. If anything, Lima confronted street vendors with fewer institutional resources and faced a deeper economic crisis. And yet Bogotá has allowed street vendors to expand throughout the city, even as the economy has boomed in past decades. Lima responded aggressively to street vendors in the 1990s and largely has kept them out of central city streets. What can account for these differences?

The explanation presented here highlights the role of core constituencies. Citywide electoral districts, such as those used in Bogotá and Lima, incorporate diverse class groups. Mayors can win office with the support of divergent core constituencies. I argue that politicians elected by poor core constituencies are more likely to promote forbearance to lift local welfare informally and signal their commitments to the poor. Politicians may incorporate the interests of the core constituency that elected them because they seek the group’s continued electoral support for reelection or election to a higher office. Other politicians select enforcement policies based on their



ideological views. In this case, my prediction is that enforcement platforms attract nonpoor core constituencies and mayors enforce because they were sympathetic to those views in the first place.

Unlike the previous chapter, forbearance toward street vending is an unstable equilibrium in citywide elections because the winning core constituency can change due to probabilistic voting and shifts in voter preferences. Periods of forbearance make enforcement against street vending more likely in the next period. Forbearance increases opposition to street vending among nonpoor voters because it inflates the costs imposed on the public and increases vendors' visible wealth. These shifts make it easier for candidates to use enforcement appeals to mobilize nonpoor core constituencies to win office. In a symmetric manner, past enforcement can swing sympathy toward street vendors and galvanize the poor to elect a candidate who proposes forbearance. Forbearance cycles should be most pronounced in politically centralized cities where enforcement results in a more uniform foreclosure of work opportunities. In politically decentralized cities, city mayors can control vending in the downtown and leave district mayors to absorb unemployed workers. Segmented policies dampen the poor's mobilization against enforcement. Given the complexity of public opinion, putting forward a unidirectional explanation of how electoral preferences influence politicians would be unrealistic, although more parsimonious. But I think electoral incentives are, once we account for shifts in mass opinion in response to enforcement choices, the major precipitant of enforcement outcomes.

The juxtaposition of these city cases highlights that enforcement does not passively follow fluctuations in the number of vendors, state capacity or economic conditions. State capacity poorly explains both forbearance in conditions of growing institutional and economic growth, as in Bogotá in the mid-2000s, and enforcement in the context of weak institutions and economic malaise, as in Lima in the mid-1990s. While the timing of enforcement patterns is unexpected under conventional capacity-based explanations, I show that mayors' core constituencies make sense of both of these

seeming anomalies. I also draw on extensive qualitative evidence from administrative documents and newspapers together with elite interviews, focus group meetings with street vending association leaders, and participant observation with bureaucrats and police to probe the extent to which mayors choose how to enforce based on political calculations. Causal process observations are more consistent with a theory in which city mayors elected with the support of poor voters use forbearance to appeal to and reward their constituents with a form of informal welfare provision.

This chapter proceeds in four major parts. I begin by comparing objective facts about street vending, as well as subjective perceptions of vendors over time in Bogotá and Lima. I use newspaper articles to track the issue salience and framing of the public debate around street vending. Second, I show that social policy alternatives to employ the poor have lagged in both cities. Third, I compare enforcement policy across time in Bogotá. City mayors with nonpoor core constituencies conduct almost five times more enforcement operations against street vendors than those with poor constituencies. I highlight that recent mayors have been elected with poor core constituencies and have used forbearance to build electoral support among the poor, despite significant institutional improvements. Fourth, I extend the argument that enforcement varies with core constituencies to Lima. The election of a mayor who drew on middle-class support explains the unexpected turn to enforcement in the mid-1990s, while the continued election of mayors with mixed-class constituencies leads to enforcement continuity in the city center in the 2000s. The final sections discuss alternative explanations and conclude.

In the next chapter, I return to the least-likely case under conventional capacity theories for forbearance, Santiago, and demonstrate how electoral rules help make sense of enforcement patterns across space in all three cities. I exclude Santiago from the discussion in this chapter because it only elects mayors at the sub-city district level.

## 1 Context

Street vendors exemplify the gap between law and reality in Latin American cities. On paper, cities ban street vendors or restrict their operation to specific hours, zones, and products. In practice, street vendors proliferate. While the poor work in many informal jobs, I concentrate on street vending because it involves the taking of public property, as with squatting. This section establishes the basics of what street vendors do (and should not do), how many street vendors exist, and how they are perceived in Lima and Bogotá. I show strong cycles in public opinion in the politically centralized case of Bogotá, and a secular decline in interest in the hybrid electoral system of Lima, despite the fact that the cities have followed similar economic trajectories.

### 1.1 *Defining Street Vending*

Street vending encompasses two different activities. First, there are mobile vendors who walk city streets offering goods and services. Itinerant vendors tend not to concern governments because they circulate and sell on a small scale. Second, stationary vendors install carts, tables, blankets or entire “shops” to sell their merchandise. I focus on stationary vendors because they violate property laws by usurping public space for private commercial use. The fact that street vending constitutes a property law violation differentiates it from informal economic activities more broadly defined.<sup>1</sup>

Stationary vendors cause a host of negative externalities, including problems with transit, urban planning, noise, garbage, and public health and safety risks. Some vendors also sell goods that compete with licensed businesses. For instance, one study estimates that street vendors in Bogotá reduce commercial sales and formal sector employment by 14 and 16 percent, respectively (Rocha,

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<sup>1</sup> Measures of the informal sector include the fraction of the labor force that is self-employed, that receive social security or labor benefits, or the fraction of economic activity not reported for tax purposes (Perry 2007: 28-32). Street vendors qualify under all standard definitions, but are a subset of the broader informal economy that includes any unregulated activity.

Sánchez, and García 2009). As with other forms of informal commerce, most street vendors do not comply with tax or labor laws.

The majority of vendors are poor and their earnings fall below the minimum wage.<sup>2</sup> The income distribution also tends to be quite skewed, with a small fraction of vendors earning incomes comparable to successful business owners. In broad terms, street vendors who work in city centers, and particularly those with fixed stands in the streets, tend to be better off than those who work in the urban periphery (Bromley 2000). There is important historical variation in the wealth of street vendors, as I return to below. Forbearance allows vendors to accumulate wealth and capital, and thus incomes tend to be higher in periods of lax enforcement.

Street vendors often form associations to protect their interests and organize themselves in public spaces. Around half of vendors in central city areas in Lima participate in associations, while rates are likely lower in the urban periphery (Roever 2005). A large-scale survey in Bogotá found that a third of vendors participate in associations (FVP 2004). Critics of vending associations tend to view them as “mafias” that rent out public streets and exploit the most vulnerable vendors; their members and supporters often emphasize that associations provide order to street spaces and defend vendors’ policy and enforcement interests.

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<sup>2</sup> In Bogotá, 78 percent of street vendors earn below minimum wage, and 95 percent earn below two minimum wages (Encuesta de Calidad de Vida 2009). Earlier surveys showed that vendors were wealthier. For example, a 2001 survey of 6,382 ambulatory and stationary vendors in Bogotá by the FVP showed that the majority earned below minimum wage, but 24 percent earned a monthly income between 1 and 3 minimum wages, and 13 percent earned more than 3 minimum wages (Roever 2006: 9). Although using different methodologies, surveys suggest that incomes declined in the late 1990s. A 1995 DANE study showed that street vendors earned an average income of US\$223, while a 1999 survey of centrally located vendors measured an average net income of US\$197; both fell below the minimum income (Donovan 2002: 89). A 2007 household survey in Lima shows that 46 percent earn under minimum wage, and 50 percent earn between one and two minimum wages (Encuesta Nacional de Hogares 2007). Even though incomes are low, street vendors report higher job satisfaction than in many other unskilled jobs, which suggests that there are non-pecuniary benefits that come from autonomous and flexible work like street vending (Perry 2007: 5).

Street vending raises broad questions about economic inequality because it makes the poor visible to a broad segment of society. Unlike squatters analyzed in the previous chapter, street vendors occupy public spaces where different class groups circulate and meet. Debates over enforcement raise issues about who should be allowed to use public resources that belong to all citizens and society's obligations to the poor, as well as whether poverty should be visible in a city. Nonpoor groups pressure for vendors' eviction in part due to the direct harms imposed, particularly traffic jams and street congestion, but also due to aesthetic objections. Street vendors, according to detractors, damage a city's image due to the poverty, dirt, and disorder on display. The poor tend to see vendors' removal as a denial of important employment opportunities and insurance in the case of a job loss. They also see enforcement as a broader effort to whitewash poverty. Preferences toward street vending thus divide by class, as demonstrated empirically in Chapter 2.

In general, when governments try to control street vending, they use strategies to make it unprofitable to work as a vendor. The police impose fines, confiscate merchandise and equipment, and dismantle stands to deter vendors. Enforcement, of course, is not the only policy option to manage street vendors, but it is an essential complement to alternatives like licensing, relocation, and small business promotion.

While the police control vending at the street level, politicians receive the blame and credit for enforcement. Because street market clearances occur in public view, they are salient events that allow voters to apportion responsibility. For example, I find in my survey that more than 77 percent of Bogotá residents name the mayor as the office responsible for the control of street vendors. Only 12 percent hold the police responsible. Likewise, a third of Lima residents name the recovery of the city center from street vendors in the late 1990s as "the greatest public works project of past decades," beating out major mayoral initiatives like highway construction and a public water park (IOP 2008). The direct beneficiaries of forbearance toward street vendors also are substantial: while

estimates vary wildly, most concur that, at peak, there were more than 300,000 street vendors in Lima and 200,000 in Bogotá.

The origins of street vending, and the informal economy more generally, are the subject of substantial debate. A first lens emphasizes the factors that exclude the urban poor from formal labor markets. A long tradition of labor economics emphasizes that the lack of industrial growth and labor market rigidities force the poor into precarious jobs like street vending. Segmentation in the labor market due to state-mandated benefits, high taxes, and generous severance packages is blamed for preventing workers in informal jobs from entering more productive and stable jobs (for example, see Heckman and Pagés 2000). Labor market studies show that informal economic activities “cushion” the business cycle by offering employment during slow growth periods (*e.g.* Bosch and Esteban-Pretel 2012; Loayza and Rigolini 2011; Perry 2007; Saavedra and Chong 1999). A related perspective associated with De Soto and Ghersi’s (1989) seminal work is that burdensome regulations to open and maintain businesses prohibit entrepreneurs, including street vendors, from entering the formal sector. Street vendors, in this view, are small capitalists and engines for economic development; their extralegal status reflects excessive business regulations.

A second framework, emphasized by Perry et al. (2007), looks at the factors that lead informal workers to exit formal sector employment. The logic is that workers implicitly undertake a cost-benefit analysis in which they choose their degree of formality. Individuals opt out of formal sector employment depending on the valuation of the net benefits associated with formality (*i.e.* wages, job opportunities, welfare benefits, small business perquisites, taxes and fees), and the costs that come with informality. The state’s enforcement effort and capability strongly determines the costs of informality (see also, Loayza 1997). Weak enforcement makes informality more attractive.

The central idea of both of these perspectives is that unskilled workers make rational choices about whether to work in the informal sector based on both the labor market opportunities and the

incentives that states provide. Street vending populations shrink as high-quality employment becomes available, barriers to open businesses fall, and enforcement intensifies. However, unlike other forms of informal economic activity where the main benefit to firms comes through regulatory evasion, street vending also involves an additional benefit: street vendors use public property as the “site” for their business. They do not pay commercial rent. Simplifying regulations on opening businesses does not change the fact that street vending allows vendors to set up shop in public streets and forgo rent payments. Enforcement reduces the value of public space and thus can convince street vendors to rent commercial property or shift into other forms of employment.

## *1.2 Business Cycles and Labor Market Trends*

For a comparison of enforcement policy, it is necessary to establish that the aggressiveness of responses cannot be entirely explained by the most obvious drivers—that is, that governments respond directly to the business cycle, or even more pointedly, to the number of street vendors. Examining this null hypothesis requires indicators of both enforcement actions and legal violations. These are tricky tasks given the limited availability of historical time series data on enforcement actions or street vending. This section explains my primary empirical measures, and then compares enforcement to economic and vending trends through simple descriptive statistics.

First, I classify each administration’s enforcement policy based on government and newspaper reports. I look for two types of enforcement activity: the first type involves “punctuated” operations in which authorities target a geographic area for the removal of street vendors. These operations often involve negotiations to relocate vendors in the area either with the government’s direct financial backing or indirect assistance. These enforcement events tend to be large-scale efforts that make the news. A second type of enforcement is “continuous” control in which authorities try to prevent street vendors from working in the streets through fines, decommission of merchandise or equipment, and blockades. These routine actions tend to receive

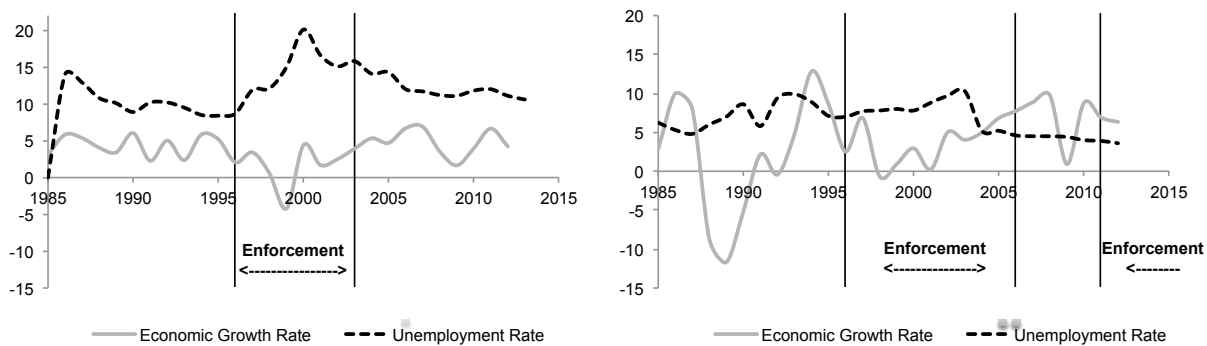
less attention, although most authorities consider them essential for the control of street vending and the maintenance of public space.

For simplicity's sake, I divide policies into two gross categories: forbearance and enforcement. What I want to measure is roughly enforcement effort, where forbearance implies limited effort given the magnitude of the problem. For the purpose of over-time comparisons, I consider that a mayor pursues a forbearance policy if she 1) postpones or avoids punctuated enforcement operations against street vendors, *or* 2) blocks routine control through the deliberate withdrawal of police resources or the suspension of sanctions. A mayor only has an enforcement policy if she uses punctuated enforcement operations and control procedures to maintain recovered public spaces in at least some segment of the city. A more permissive categorization might take occasional crackdowns against street vendors as sufficient evidence of an enforcement policy. However, sporadic operations do not deter vending because both vendors and officials know that street vendors return after operations end. A more restrictive categorization might require a certain frequency or spatial coverage of enforcement actions as a threshold. But it is unclear how to draw a threshold, given differences in offense levels (and data limitations on their measurement). This two-part definition best captures whether politicians are willing to impose costs on street vendors to deter their action. Categorical measures provide more direct indicators of the concept of forbearance than any other available measure. The qualitative evidence presented in the case studies adds nuance to these distinctions by separating forbearance from weak enforcement policies.

By this categorical definition of enforcement effort, only two mayors in Bogotá and four mayors in Lima have enforced street vending regulations, and they have done so under diverse economic and institutional conditions. Figure 4.1 places vertical lines around the time periods in which city governments enforced against street vendors. To see whether enforcement accompanied



improvements in the business cycle, I plot the economic growth rate measured as the percent change in GDP (solid line) and the urban unemployment rate (dashed line).



**FIGURE 4.1. Economic Growth, Unemployment, and Enforcement in Bogotá (Left) and Lima (Right), 1985-2013**

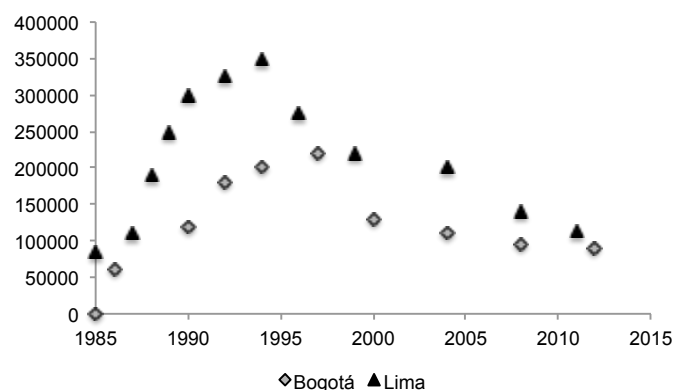
SOURCES: Author's classification (Enforcement); World Bank (GDP growth); International Labor Organization (Urban unemployment rate as percent of total labor force).

Economic conditions provide limited leverage to understand enforcement. The first major enforcement episode in Bogotá and Lima occurs in the mid-1990s. Colombia maintained stable, if middling, growth rates throughout Latin America's debt crises. The economy entered its worst recession and urban unemployment rates soared above 20 percent in the late 1990s. Mayors moved to enforce against street vendors as the economy plunged. Peru suffered a profound economic crisis in the late 1980s. Peru's GDP per capita declined more than 25 percent from 1988 to 1990, and close to half the population fell below the poverty line (Crabtree 1992). While Peru's economy had begun to recover when enforcement operations began, economic conditions were hardly robust. Growth averaged just 2 percent from 1996 through 2002, and more than half of jobs created were in the informal sector. Yet the mayor enforced firmly against vendors.

More puzzling still, Bogotá and Lima have followed divergent enforcement paths in the 2000s. Both countries have seen strong growth thanks to a commodities boom. Poverty rates halved during the period. Yet, while Bogotá has eased enforcement, Lima has moved forward with

operations. The fact that the cities took divergent enforcement trajectories makes it hard to believe that governments passively responded to changes in the business cycle.

It is harder to evaluate directly whether the number of street vendors could explain the temporal patterns given data limitations; measures from labor market surveys and government records do not follow a consistent methodology over the time period examined. I averaged the statistics cited in newspaper, business chamber, and city reports to get a sense for the broad trends. These statistics (shown in Figure 4.2) should be interpreted as much as a matter of popular myth as reality given the noise in the underlying data. But, by all accounts, Bogotá's street vendor population never reached the heights seen in Lima and the cities have seen a declining number of vendors. In Bogotá, the number of street vendors peaked in the early to mid-1990s at 220,000 before declining to around 130,000 in 2002 and 90,000 by 2011. Peru experienced a similar drop. The number of street vendors ballooned to more than 300,000 during the depths of its economic recession in the late 1980s and early 1990s. Street vending gradually has declined to around 220,000 vendors in 1999 and 115,000 in 2011, as Peru's economy has improved and stabilized. Again, given the broadly similar trends in street vending, it is hard to understand the cities' divergent enforcement policies in the 2000s.



**FIGURE 4.2. Street Vending in Bogotá and Lima, 1985-2011**

SOURCES: Compiled from *El Tiempo*, Cámara de Comercio de Bogotá, IPES, FVP, DANE (Bogotá); *El Comercio*, RENAMU, ILO, Alternativa, Roever (2006), Cámara de Comercio de Lima, ILD (Lima).

The objective of these descriptive statistics is to show that the business cycle and the number of street vendors cannot explain the varied enforcement patterns across time and city. Both cities enforced during weak economic periods in the mid-1990s. They have experienced secular declines in street vending as the pace of economic growth and labor markets have improved. Yet they have pursued divergent enforcement strategies in the 2000s. While economic conditions clearly shape the number of street vendors and enforcement policy, they are incomplete explanations of enforcement variation. As I show next, numerous street vendors make enforcement a salient political issue and stoke middle-class concerns. But these effects are filtered through politics. The impact on enforcement depends on the mayor's core constituency and the way that electoral rules encourage street vendors to scatter across city space.

### *1.3 Social Perceptions*

The extent of street vending likely affects enforcement preferences in two ways. First, street vendors result in negative externalities that drive middle-class opposition. As the street vending population grows, more poor individuals depend on income from the activity. Economic downturns or past forbearance thus increases the issue salience of street vending. Second, forbearance allows street vendors to accumulate wealth and power. While this leads street vendors who directly benefit to pressure for further forbearance, it potentially can turn other voters against vending. Entrenched street vendors create barriers to entry that reduce the insurance value of vending to the poor; wealth also dilutes vendors' claims that they will be unable to work or purchase shops if evicted from city streets. Combined, these two effects make it easier for politicians to build enforcement coalitions of nonpoor and some poor voters following periods of forbearance.

I would ideally measure how issue salience and preferences vary with past enforcement policies through historical poll data on approval of street vending, much as I presented in Chapter 2. Unfortunately, pollsters do not ask about perceptions of street vendors. To capture changes in

interest and sympathy with street vending in past decades, I examined two national newspapers, *El Comercio* in Peru and *El Tiempo* in Colombia. I chose these papers because they have been published continuously and have the highest circulation over the period studied.<sup>3</sup> They represent centrist positions and lean to the right compared to their main rival papers. These newspapers have educated and wealthy readerships. Research shows that newspapers respond strongly to readers' preferences (e.g. Gentzkow and Shapiro 2010), and therefore coverage can give a loose sense of how middle-class interest and understandings of street vending have changed within a country and have differed across countries. Given possible differences in editorial slant, comparisons can most reliably be drawn over time within each case.<sup>4</sup> Appendix C provides additional details on the newspaper selection and coding rules.

First, newspaper coverage gives us a sense of issue salience. I first identified every article related to street vending in Lima and Bogotá that these papers published between 1990 and 2010. An average of 55 and 17 articles appeared each year in Bogotá and Lima, respectively. At peak interest, more than a hundred articles a year appeared about street vending in each city. For comparison's sake, consider that Gilens (2000) classic study of welfare politics finds a maximum of 25 stories per year about poverty and welfare appearing in all American news magazines. Hence, street vending is an issue of significant discussion.

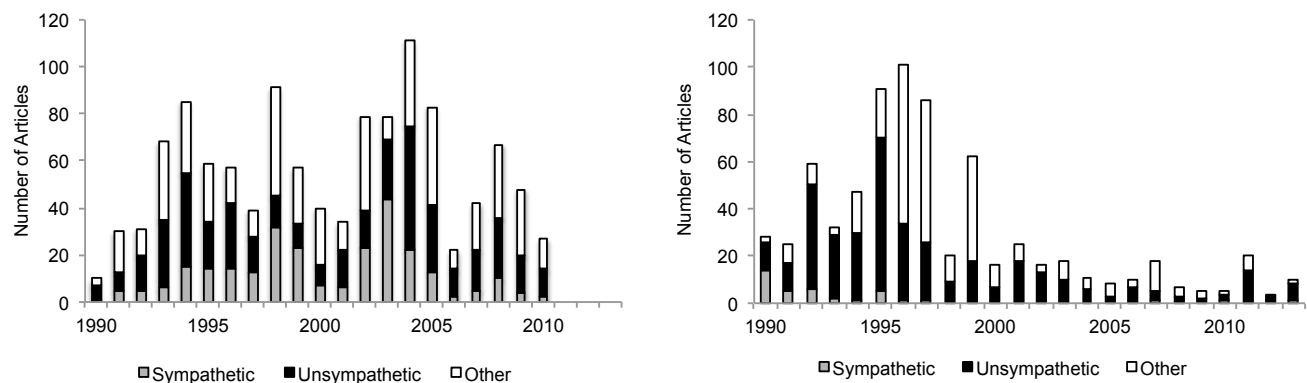
Second, beyond the absolute issue salience, interest in street vending has changed over time, particularly in Lima. Figure 4.3 plots the trends in media coverage in the two cities. Intuitively, the number of stories increases in tandem with the number of street vendors in the early 1990s. The

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<sup>3</sup> Tabloids have taken off in both countries, leading both papers now to be outpaced in circulation, but these papers have higher circulation than their news rivals on the center-Left, *El Espectador* in Colombia and *La República* in Peru.

<sup>4</sup> If anything, *El Comercio* likely leans further to the right than *El Tiempo*. However, this difference partially mirrors the political spectrum in the two countries and both papers are considered to represent center/center-right positions in their media markets.

increased stories on street vending in the mid-1990s report the political initiatives of mayors to tackle street vending, rather than denounce the growing severity of street vending. Street vending remains a salient issue in Bogotá, but it fades from public interest in Lima in the 2000s, despite similar trends in the number of street vendors. As I return to below, the continued debate over street vending management in Bogotá likely reflects urban political centralization. Mayors set policy for the entire city, which causes sharp swings and citywide enforcement debates. In contrast, coverage of street vending issues has plummeted in Lima, as seen in the overall articles published. Lima has a hybrid political system in which the city mayor controls vending in the downtown and district mayors set local policy. Once downtown and nonpoor districts achieved control of street vending in the late 1990s, street vending disappeared from middle-class discussion. Street vending continues to be a contentious issue in low-income districts in Lima.



**FIGURE 4.3. Newspaper Coverage of Street Vending in Bogotá (Left) and Lima (Right) by Article Tone, 1990-2010**

SOURCES: Author's compilation from *El Tiempo* and *El Comercio*.

Third, content analysis reveals key contrasts in how street vendors are portrayed both over time and across cities. Here, I divide newspaper articles into two major categories based on their primary theme. The first type of story consists of *sympathetic* portrayals. These include human-interest stories (sympathetic narratives) focused on a single street vendor's plight, such as a laid-off factory worker or a single mother who tries to put her children through school by working as a

street vendor. They also include reports (sympathetic polemics) that tie street vending to external conditions like unemployment, political violence or migration, or that defend street vendors as honorable and innocent when faced with enforcement actions. Sympathetic accounts of street vending cultivate social solidarity with street vendors through a focus on their precarious economic situation or structural conditions that lead them to informal employment.

The second category includes items that highlight the harms of street vending, or *unsympathetic* portrayals. These include personal interest stories that portray street vendors as exploitative, lazy or criminal (unsympathetic narratives). The more common articles in this broad class are reports that highlight negative externalities of street vending, like jammed traffic or sidewalks, unfair business competition, tax evasion, clandestine electricity connections, and unsanitary or illegal merchandise. Unsympathetic stories create social distance between street vendors and other class groups, and point to the criminal nature of street vending. Figure 4.3 divides coverage between these categories by year. It marks all other type of articles simply as “other.” These articles tend to include discussions of state actions, such as relocation or employment programs, evictions, protests, and court decisions about street vending.

In Bogotá, what stands out is that coverage splits on street vendors. Complaints about the harms caused by street vendors are a dominant theme, constituting 38 percent of all news items on street vending over the time period. Of these news items, 40 percent are letters to the editor that pillory street vendors’ “invasion” of city streets. The more detailed coding reveals that a major complaint concerns how street vendors encourage and partake in criminal activities. About a third of all letters to the editor complain about the ties between crime and street vending. This emphasis reflects objective crime fears in the city. While Lima had among the lowest homicide rates in the region, Bogotá boasted the dubious distinction of among the highest, peaking at 124 homicides per 100,000 inhabitants in 1993 (Moncada 2009). Particularly in the 1990s, street vendors were seen as

facades for the drug trade, and part of a general chaos that allowed criminals to operate. The other frequent unsympathetic stories concern traffic congestion (15 percent), harm to public space like sidewalks and parks (14 percent), business competition (9 percent), and sanitation (7 percent).<sup>5</sup>

What is most striking in Bogotá is that coverage of the harms caused by street vending is counterbalanced by compassion for vendors. Roughly a fifth of articles in Bogotá profiled street vendors in a positive light. These stories discuss the economic hardships and national conditions that force the poor to work as vendors. A typical story, for example, described a single mother “who walked the streets from dawn until night [as a street vendor] when, her feet exhausted, she returned home to attend not only to her mother, but a sick elderly woman who lived with her.”<sup>6</sup> After major enforcement operations in the 2000s, more than half of articles and letters to the editor objected to enforcement measures, denouncing operations as “persecution,” “repression,” and “criminalization of poverty.” Street vendors were linked to social issues like unemployment and poverty by the newspaper. Even when discussing the association between vendors and crime, for instance, many articles emphasized that street vending was an “honorable” profession that the poor relied on before turning to criminal activities.

In stark contrast, the portrayal of street vending is almost exclusively negative in Lima. The most common type of story focuses on the traffic congestion caused by street vendors. Three-quarters of articles in the 1990s relate to vendors’ contribution to traffic jams. Between 1990 and 1996, there were 36 photos per year of street vendors blocking traffic and sidewalks. Other frequent complaints included that vendors marketed stolen goods, undercut formal businesses, and created chaos for pedestrians.

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<sup>5</sup> These more specific article classifications have been done for a sub-set of about half of the years.

<sup>6</sup> “Mujeres se ajustan el pantalón,” *El Tiempo* 31 July 1991.

Although Lima faced similar, if not more severe, problems of urban poverty and had lower crime rates during this period, sympathetic coverage of street vending is exceedingly rare. In the 1980s and the early 1990s, dozens of sympathetic articles did appear in *El Comercio*. Roever (2005) describes that the dominant view was that street vending was a structural issue resulting from Peru's economic slowdown and eventual crisis. But this type of article loses favor after the city's enforcement turn in 1996. Not a single story sympathizes with street vendors' lousy economic situations or labor trajectories in the 2000s. Such minimal sympathetic coverage is astounding given the depth of economic crisis that Peru experienced and continued labor market weakness.

To summarize, this section presents evidence from newspaper coverage that street vending has been viewed as a major problem in Lima and Bogotá, and a salient issue to the middle class. However, social perceptions of street vendors change and differ across the cases. The Colombian media continues to discuss street vending and shows both the harms caused and the broader economic injustices that may justify these impositions. Interest in street vending fades in Peru. By the mid-1990s, the middle class is largely apathetic and antagonistic to street vendors in Lima.

Of course, editorial choices could distort or accentuate differences in middle-class opinion across the cases. But, past analysts have drawn similar conclusions about differences in public opinion, emphasizing that street vending is viewed as a structural problem by much of the public in Bogotá and as a legal (and fading) issue in Lima (Aliaga Linares 2012; Nelson 1992; Roever 2005). A cautious interpretation of these media descriptions is that the middle class received and sent very different messages about the necessity and fairness of enforcement in Bogotá compared to Lima. Politicians amplified these messages, as I turn to below. Before presenting the case study evidence, the next section shows that these differences in opinion cannot be traced to the extent of substitutive social policies in Colombia and Peru.



## 2 Social Policy Substitution: The Employment Dilemma Compared

In contrast to housing policy discussed in the previous chapter, it is less clear how to define substitutive social policies that reduce demand to work as a street vendor. An array of state policies affects economic growth and makes street vending less attractive as an employment option. As with the informal economy as a whole, street vending has two primary origins. First, there is a structural component based on the disjuncture between demand for employment and growth of formal sector jobs and, second, there is a cyclical element based on economic recessions that lead to lay-offs. The most direct substitutes, particularly for cyclical job demands, are unemployment insurance and temporary employment programs. I classify both substitutes as absent, given that they have never existed or have been pursued erratically. I then consider several less clear substitutes, namely cash assistance, relocation, and credit provision programs.

First, unemployment insurance is meant to smooth consumption in the event of a job loss and allow workers time to find a comparable job. The lack of unemployment insurance means that workers who are laid off look to be rehired as quickly as possible, or look for interim employment. Street vending is an attractive substitute for unemployment insurance because it tends to have low entrance costs and flexible hours. In this sense, scholars refer to street vending as a social safety net or “cushion” for unemployment (Bromley 2000: 5).

Few Latin American countries offer unemployment insurance. Colombia and Peru have no unemployment insurance; Chile has a small program. Unskilled workers faced with job losses therefore rely on informal forms of employment to smooth their incomes. Indeed, studies show that a sizable fraction of unskilled workers transition in and out of informal employment (Perry 2007: 62). Informal insurance mechanisms can be effective: Bentolila and Ichino (2008) find less dramatic reductions in consumption among the unemployed in southern Europe than under generous state unemployment insurance schemes in northern Europe due to informal work and

family networks. An analysis of the Brazilian business cycles shows that recessions do not entail the movement from employment to unemployment, but rather primarily shifts from formal to informal sector employment (Bosch and Esteban-Pretel 2012: 270).

While unemployment insurance is meant to mitigate risk for broad sectors of the population and works best when labor market risks are uncorrelated, a second approach to employment issues is an active labor market policy, such as public employment and job intermediation programs. These programs are intended to counteract the business cycle, rather than individual job disruptions. In the 1980s and 1990s, many Latin American countries established quick-disbursing public works projects meant to generate employment. At its height, for example, Peru employed more than 500,000 poor residents to collect trash and build sanitation systems (Graham 1992: 181).<sup>7</sup>

The political logic of job provision limits its ability to crowd out street vending in two ways. First, employment programs tend to be pro-cyclical. Those based on labor intermediation dry up when private sector growth slows, and state programs have been slashed in downturns. Given a weak tax base, shallow domestic capital markets, and limited international borrowing, social spending—including job programs—follows economic cycles (Haggard and Kaufman 2008; Wibbels 2006). Peru's employment program, for example, was stopped in 1988, precisely as the economic crisis intensified. Street vending, in contrast, can absorb workers when state coffers are empty. More broadly, informal employment has been found to be strongly countercyclical. A 3 percentage

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<sup>7</sup> Colombia and Peru also offer vocational job-training programs that also can be considered part of attempts to move the poor out of informal sector employment (Colombia's *Centro de Información de Empleo del Servicio Nacional de Aprendizaje*, SENA, and Peru's *Servicio Nacional de Adiestramiento en Trabajo Industrial*, SENATI). Started in the late 1950s and 1960s, these institutes now focus on vocational and more specialized training courses. The main criticism is that supply-side skills training fails if not matched to labor market demands. Systems of labor intermediation and job matching remain weak, leading to a logic of "training without jobs" (Castro and Verdisco 2000). Recently, Colombia established a system to match workers to private sector jobs (i.e. labor intermediation), but the program remains in its infancy and recent evaluations called Colombia's labor market "a puzzle with pieces that don't fit together." See, "Un rompecabezas que no encaja," *El Espectador* 21 April 2014.

point decline in GDP per capita growth is associated with an average short run increase in the informal employment rate of 1.2 percent in developing economies (Loayza and Rigolini 2011: 1511). Second, patronage practices are common in job provision. As in housing, a job is a lumpy transfer to a single individual. Given that employment programs rarely meet labor demand, their allocation often depends on political loyalty. This fact limits the ability of employment programs to reach the poorest segments of society, and particularly recent migrants unincorporated in political networks.

Many Latin American governments have moved away from active employment generation policies. Most governments instead have adopted conditional cash transfer (CCT) programs that provide income supplements to poor families.<sup>8</sup> If the goal of employment programs is to boost and smooth family consumption, CCTs provide a more direct route to raise living standards. CCTs are comparatively cheap, costing an average of 0.3 percent of GDP (IDB 2011). They can reach millions and circumvent accusations of political manipulation by using clear targets for receipt (although De la O (2013) highlights variation in the strictness of program design).

Unlike employment programs, however, the effect of CCTs on street vending is ambiguous. Disposable income does not employ the poor. It is unclear whether higher incomes lead recipients to shift out of the labor market entirely, substituting for informal labor options like street vending, or to use additional income to access capital to expand street sales and favor less easily detected informal forms of income generation, complementing forbearance toward street vendors. Few long-term studies of CCTs exist to examine their effects on labor market supply. Regardless, it is worth underscoring that the intention of CCTs is not to substitute for employment. It would be politically repellant to propose income support as an alternative to moving the poor into the labor force. Even in Colombia, where CCTs reach a quarter of the total population, not a single

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<sup>8</sup> Colombia's Familias en Acción program and Chile's Subsidiario Unitario Familiar launched in the late 1990s, while Peru lagged behind and adopted a smaller program, Juntos, in 2005.

newspaper article on street vending mentions income transfers as an alternative option for the poor to subsist, as may be expected if they were designed to crowd out informal labor demands.

A final policy option targets “professional” street vendors who may not switch out of the sector when alternative employment options improve because they specialize in commercial sales. Some street vendors work in the sector for years and share characteristics with small business owners; they rarely want industrial or service jobs. A controversial policy in Bogotá offered street vendors in a central city zone minimum wage jobs in private companies. Most street vendors rejected the offer. While politicians interpret their rejection as sign of vendors’ wealth (i.e. they must have earned more than minimum wage in city streets to reject the offer), vendors insist that politicians asked them to abandon their professions. Instead, established street vendors often demand alternative commercial locations as a condition for their removal from city streets. The most common substitute has been relocation projects that help street vendors rent or purchase storefronts in commercial centers. These projects come with varying levels of government subsidies. Lima has insisted that street vendors organize to purchase their own projects; Bogotá has constructed projects for vendors and has received limited repayment (and substantial criticism as relocation projects have been abandoned).<sup>9</sup>

Relocation projects are reactive policies, much like the titling policies discussed in Chapter 3, and thus can increase demands to work as a street vendor. Governments target vendors who work in city streets and offer no prospective solution for employment demands. Relocation can incentivize the poor to seek employment as street vendors, and eventually pressure the government for assistance to move to a storefront. Bogotá Mayor Antanas Mockus best captures the incentives in government-funded relocation projects for street vendors:

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<sup>9</sup> See, “Formalización de los vendedores ambulantes fracasó,” *El Tiempo* 9 Sept 2004; Donovan (2008).

“We had many discussions saying, ‘If each time that the State enforces the law should it have to in some way compensate?’ Obviously it sounds hilarious: a group of criminals comes here and they tell us that we also want to be legalized (a type of early retirement), give us a pension and we’ll stop assaulting people; our income to assault is this much per month, and if you pay us a pension of 60 percent of this, that is guaranteed for our life, etc; we all see advantages, and we could negotiate. But this shocks us and makes us laugh.”<sup>10</sup>

Despite the reactive nature, governments have relied heavily on relocation projects.

Relocation is a convenient policy solution because it resolves the demands of the constituency most mobilized around substitutive social policies, active street vendors. The political rewards of generating policies for future labor demands are more diffuse and less credible. Chapter 2 showed how promises of employment generation policies for unskilled workers did not change voters’ likelihood to identify a candidate as representing their interests or vote for the candidate. Other “carrots” to move street vendors to the formal sector like preferential access to credit and assistance to open businesses similarly resolve the immediate demands of vendors. However, these policies address a small segment of street vendors with the skills and capital to open small businesses.

This section was not intended to provide a full overview of labor market policies, but rather to highlight that substitutive social policy is less obvious and less available than in the case of squatting discussed in Chapter 3. Generating stable jobs for unskilled workers is hard. And, employment policy has lost favor compared to more electorally attractive CCT programs that can reach a larger number of beneficiaries. Relocation can reduce the political costs of enforcement operations by demobilizing street vendors’ demands, but these policies do not resolve future employment demands. The next section explores how politicians have relied on forbearance toward street vending as a way to boost employment provision in the absence of social policy substitutes, beginning with the case of Bogotá.

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<sup>10</sup> Author interview with Antanas Mockus, Mayor, Bogotá, Colombia, July 29, 2013.

### 3 Forbearance and Institutional Strength: Bogotá

Conventional capacity-based theories cannot explain the trajectory of enforcement policy in Bogotá. Enforcement has *decreased* as coercive and administrative capacity has improved. Figure 4.4 lays out the empirical puzzle. The bars show the number of police operations against street vendors from the Colombian National Police's Public Space Unit (*Unidad del Espacio Público*). Operations have dropped off sharply from more than 3000 per administration in the late 1990s to less than 100 in the 2000s. Changes in institutional capacity cannot account for this shift. For instance, the solid line plots the funds in the city budget assigned to the police.<sup>11</sup> The security budget more than doubled during the same period. Other indicators of state capacity, such as taxes collected, number of police officers, and violent crime rates show similar improvements. The business cycle also would lead us to expect an uptick in enforcement. Unemployment rates halved from a high of around 20 percent in 1998 to 10 percent in 2012.

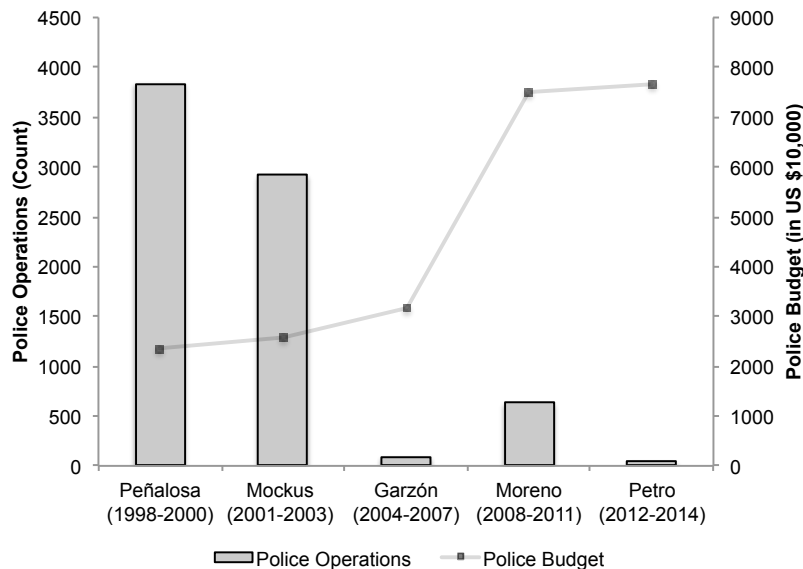


FIGURE 4.4. Coercive Capacity and Police Operations in Bogotá, 1998-2012

<sup>11</sup> While much of the Colombian National Police's budget comes from the central government, I show changes in the security budget (*Fondo de Vigilancia y Seguridad*) under the discretion of the city mayor (Secretaría de Hacienda 2012).

My claim is that differences in core constituencies help make sense of variation in enforcement. Bogotá has elected mayors with distinct core constituencies since the advent of direct elections in 1988, as laid out in Table 4.1. The columns classify a mayor's class basis of support. Mayors labeled as "lower" receive a higher fraction of their vote share among poor than nonpoor voters; those classified as "upper" gain greater support among nonpoor voters.<sup>12</sup> If the difference in class support is less than 5 percentage points class groups, or the direction of the difference varies by data source, then the mayor is classified as receiving a "neutral" constituency of support.<sup>13</sup> Class constituencies can differ from political ideology: mayors identified on the political Right can attract lower class support just as mayors positioned on the Left can repel it.

**TABLE 4.1. Core Constituency and Enforcement by Mayor, Bogotá (1988-2014)**

	Lower	Neutral	Upper
<b>Forbearance</b>	Garzón (2004-07) Moreno (2008-11) Petro (2012-14)	Pastrana (1988-90) Caicedo (1990-92) Castro (1992-94)	
<b>Enforcement</b>		Mockus (1995-97)	Mockus (2001-03) Peñalosa (1998-2000)

SOURCE: Author's compilation of electoral data by district and enforcement reports.

<sup>12</sup> Colombia classifies each household by strata that range from "1", the poorest, to "6", the wealthiest. I consider poor voters to be from Strata 1 and 2, and nonpoor voters to be from Strata 4 and above. Strata 3 can be thought of as the lower-middle class. Peru uses similar stratifications but ranks class groups from "A", the wealthiest, to "E", the poorest. I consider the poor to be Classes D and E, and the nonpoor to be classes A and B. While I check an alternative measure of poverty based on unsatisfied basic needs, class stratifications better capture both a household's economic level and its precariousness.

<sup>13</sup> The ideal way to make these classifications is to use individual-level exit poll or vote intention surveys by class. Unfortunately, survey data are scarce and not available for all city elections. I therefore rely on ecological correlations between district composition and vote share, and supplement these with survey data when available. Given high levels of spatial segregation, and particularly the homogeneity of poor districts, ecological correlations produce reliable estimates of the direction, if not the intensity, of class support.

This section traces the three major periods in Bogotá's politics. First, in the early 1990s, a spell of mayors from catchall traditional parties governed the city with an even distribution of support across classes. These mayors straddled class preferences and undertook a handful of vendor clearance operations without continuous control actions. Still-powerful city councilors manipulated enforcement against street vendors for electoral ends. Second, institutional reforms in the early 1990s gave mayors full reign over enforcement. City residents elected independent mayors who drew their core support from the middle class. These mayors enforced against street vendors largely on ideological grounds. As predicted, mayors alienated poor voters through enforcement and cemented a nonpoor core constituency. Third, voting patterns reversed in the 2000s. Mayors won with poor core constituencies. To boost the poor's welfare and signal broader distributive commitments, mayors promised and pursued a softer position toward street vending. Qualitative evidence supports my contention that mayors intentionally chose not to enforce in order to increase their electoral support among poor voters. Deficiencies in the police or bureaucracy cannot explain these decisions. The fourth section lays out how urban political centralization raises the electoral stakes of enforcement and contributes to forbearance cycles in Bogotá.

### *3.1 Neutral Core Constituencies and Weak Enforcement*

It took nearly a decade for Bogotá politics to transition from reliance on party machines to the election of mayors who directly courted and mobilized different core constituencies. The transitional period provides a window into a different electoral logic in which work as a street vendor was among the patronage goods that political machines traded for the electoral mobilization of the poor. Mayors, who drew their support from all socioeconomic groups via clientelistic party networks, largely deferred to city councilors in permitting street vendors to work. Forbearance won out, despite mounting middle-class and business frustrations.



### 3.1.1 *Traditional Party Politicians and Institutional Reform (1988-94)*

Prior to 1988, city councilors held the most important elected positions in Bogotá. They distributed street vending licenses as a form of patronage. Vending associations aggregated votes for councilors and received licenses in exchange (Nelson 1992). A series of urban reforms removed city councilors' ability to grant licenses in 1989.<sup>14</sup> But the removal of licensing powers did not end politicians' protection of vendors. City councilors, and newly empowered local councilors (*ediles*), instead began to promise forbearance or employment alternatives.

The dominance of political machines was evident in early electoral cycles. Running as traditional party candidates, the first three elected mayors—Andrés Pastrana, Juan Martín Caicedo, and Jaime Castro—collected near even support across the income distribution. Pastrana represented the Conservative Party, which historically had fared badly in Bogotá. He received 40 percent of the vote with marginally weaker backing from the poor. Caicedo and Castro took more than 60 percent of the vote share for the Liberal Party. Large vote margins reflected the institutionalized two-party system and the fact that voters followed the instructions of party bosses. Each socioeconomic group tried to align themselves with the winning mayor to gain access to resources (Pasotti 2009: 87).

Consistent with neutral class constituencies, enforcement straddled class preferences. On the one hand, each mayor made at least one attempt to organize a major operation, and campaigned on projects to improve public spaces. Pastrana and Castro concentrated on projects to recuperate one of the city's main avenues, *La Séptima*, while Caicedo worked on moving vendors from the downtown. On the other hand, these early mayors were unwilling to conduct continuous control actions. Caicedo and Castro, for example, made statements in support of the economic needs of

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<sup>14</sup> In particular, the 1989 Urban Law recognized public space as collective property that could not be sold or rented. The 1991 Constitution would reaffirm this commitment. Accord 18 of 1989 clarified that the city mayor was in charge of regulating street vending.

vendors and engaged in operations and control actions only when the government could sponsor relocation options.<sup>15</sup> Relocation severely limited the pace of enforcement: each mayor only relocated between 350 and 650 street vendors of the almost 150,000 in the city (Donovan 2002: 32).

Why did enforcement depend on state-sponsored relocation projects? The main constraint did not come from the electoral incentives of city mayors, who arguably hoped to take stronger positions against street vendors that were popular among the largely middle-class set of voters who showed up at the polls. Instead, forbearance emerged from the office-seeking strategies of city and local councilors. City councilors, particularly from the Liberal Party, advocated relocation as a precondition for enforcement. Spots in relocation projects could be negotiated in exchange for support, just like licenses. Councilors also opposed continuous control actions to create linkages to vending associations and claim to represent poor voters. For example, Caicedo urged the police to decommission merchandise from street vendors.<sup>16</sup> Liberal Party city councilors scorned the proposal as an attempt to “terminally abolish” and “criminalize” vendors, and pressured for a revised police statute. Ultimately, the government curbed the use of decommission to “recovered” areas from which vendors already had been relocated.<sup>17</sup> As one city councilor described his colleagues, “In unequal and clientelistic societies, some think that it is more important to ‘do justice’ than to follow the law. Traditional political party leaders negotiated with the law as a rhetorical instrument to support the poorest, they evaded and prevented enforcement so as to benefit the poorest.”<sup>18</sup>

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<sup>15</sup> For example, see “Bogotá no está en crisis, está creciendo,” *El Tiempo* 21 Nov 1990; “Inaugurado Unicentro en Barrio Restrepo,” *El Tiempo* 19 Dec 1991.

<sup>16</sup> Caicedo was the former head of the national business association (*Federación Nacional de Comerciantes*, Fenalco), which strongly pressured for control of street vending and he arguably wanted to do more to control vending.

<sup>17</sup> The proposed regulations (Decree 446 of 1990) ultimately were modified to permit the confiscation of merchandise in recovered areas. See, “Viciado de nulidad el reglamento sobre ventas ambulantes,” *El Comercio* 8 Sept 1990.

<sup>18</sup> Author interview with anonymous city councilor, Bogotá, Colombia, August 1, 2011.

Local councilors also stalled enforcement due to a combination of capacity constraints and electoral incentives. The division of administrative powers remained in flux during the early 1990s. Castro was the first mayor elected under the 1991 Constitution, which established Bogotá as a special administrative district and gave the mayor's office enhanced powers. But Castro also was an architect and firm believer in political decentralization (Falleti 2010: 149). Castro restructured the administration to invest greater powers in the mayor, rather than the city council, and devolved power to local councils at the district level (*Junta Administradora Locales*, JALs). While a presidential decree gave city hall control over street vending, Castro deferred to local authorities on public space recovery.<sup>19</sup> Castro allowed for the local determination of enforcement projects. Castro himself admits that the early years of the local councils were a disaster. They lacked resources, mandates, and technical capacity.<sup>20</sup>

While Castro blamed limited enforcement on the greenness of local governments, the middle class discounted the excuse. Bogotá mayors enjoy the power to appoint and remove local mayors and can use those powers to pressure districts to act; Castro did not exert this authority. Business groups, in particular, spoke out against Castro's passivity. For example, the National Business Federation (*Federación Nacional de Comerciantes*, Fenalco) wrote: "The administration under charge of this mayor cannot delegate this responsibility [to local districts]...We do not lack laws, what we lack is authority that decides."<sup>21</sup>

Electoral incentives at the sub-city level pushed against enforcement in most districts. As a lawyer involved in public space litigation put it, "Public space in the hands of local councils was a

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<sup>19</sup> Castro lobbied the national government to pass the governing legislation for the city (Presidential Decree 1421 of 1993, *Estatuto Orgánico de Bogotá*). The presidential decree explicitly gave the mayor's office control over street vending (Article 86) and a host of other administrative functions.

<sup>20</sup> "Jaime Castro sale de su hueco," *El Tiempo* 19 Dec 1993.

<sup>21</sup> "Fenalco raja al Alcalde Castro," *El Tiempo* 28 May 1993.

political business because the number of votes needed in each race was so small that they could win with just the vendors.”<sup>22</sup> Only half of local councils reported doing any actions to control street vending, and enforcement efforts concentrated in middle-class districts.<sup>23</sup> The police claimed that street vendors presented licenses issued by district governments and therefore they could not enforce. Indeed, the Comptroller sanctioned dozens of local officials for providing illegal licenses to vendors.<sup>24</sup> But Castro put little pressure on his appointed mayors to confront their councilors who favored forbearance. Politicians in the Liberal Party likely preferred for Castro to ignore the issue.<sup>25</sup>

In short, the first cohort of mayors made timid moves toward enforcement when relocation could occur but made limited progress due to their continued links to traditional political parties. This period differs from subsequent periods because city and local councilors used forbearance as a form of clientelism to reward political supporters. Institutional reforms designed by Castro to make the mayor’s office autonomous and the collapse of Colombia’s traditional party system freed subsequent mayors to make independent policy choices (Pasotti 2009). These changes helped make enforcement the subject of citywide, substantive debates, as we will below. Mayors would have

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<sup>22</sup> Author interview with lawyer and head of wholesale association, Bogotá, Colombia, August 2, 2012.

<sup>23</sup> About half of local districts reported actions to manage public space, including Los Mártires, San Cristóbal, Engativá, Teusaquillo, Chapinero, Usaquén, Barrios Unidos, Kennedy, Antonio Nariño, and Puente Aranda. City Ombudsman Antonio Bustos Esguerra complained that in 88 petitions sent to local authorities to act against street vendors, only 15 mayors even responded (let alone acted to remove vendors). Inaction led the city ombudsman to sanction 33 bureaucrats for allowing street vendors to work. See, “En defensa del espacio público,” *El Tiempo* 29 Dec 1993; “Alcaldes locales rinden cuenta,” *El Tiempo* 8 Nov 1993; “Guerra a invasión del espacio público,” *El Tiempo* 16 Oct 1993; “Espacio público, el objetivo,” *El Tiempo* 27 May 1994; “Usaquén es el número uno en invasión del espacio público,” *El Tiempo* 15 Sept 1994.

<sup>24</sup> “Yo invade, tu invades, él...” *El Tiempo* 7 Feb 1993.

<sup>25</sup> Castro was a passionate advocate of decentralization and dedicated his two-year term to passing Decree 1421 of 1993 (Estatuto Orgánico de Bogotá). While hardly the servant of the Liberal Party, he tried to preserve his political capital to guarantee support for reforms to reorganize the city’s administration and finances. The reforms made Castro profoundly unpopular, leading to calls for his resignation. For example, he hiked property taxes by almost 120 percent and doubled the city’s revenues.

strong electoral incentives to use enforcement to appeal to their core constituencies, rather than allow councilors to trade votes for forbearance.

### 3.1.2 *Shifting Preferences*

A decade of forbearance produced changes in the wealth and negative externalities of street vendors that expanded the mobilized electorate in favor of enforcement. News coverage emphasized that stands in some markets cost exorbitant sums.<sup>26</sup> Some vendors in bustling central markets earned more than double minimum wage. Other nefarious figures exploited vendors, many of whom needed to work for subsistence.<sup>27</sup> The poverty rate had increased from 29.5 percent in 1986 to 40 percent in 1993, and half a million internally displaced people from the civil war flooded into the city. Sympathetic portrayals of vendors stressed that street vendors were the visible manifestation of the country's social problems.

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<sup>26</sup> For example, see "Retiran los vendedores ambulantes," *El Tiempo* 4 May 1994; "20 de Julio: Se vende el ánden por pedazos," *El Tiempo* 1 March 1993. Some market areas are notorious for powerful vending associations. For example, one association leader, Alejandro Barrera, has exercised control over the 20 de Julio market for two decades. Many consider Barrera a mobster, although Barrera also is known for his effective defense of vendors and former role as coordinator of a national vendors' associations (*Cooperativa Nacional de Vendedores*, Coopnalven). "Quién arrendó el ánden de la 19," *El Tiempo* 25 Nov 1993; "20 de Julio: Se vende el ánden por pedazos," *El Tiempo* 1 March 1993. Even under the Castro administration, Secretary of Government Hermán Arias described that, "the invasion of public space has converted into a lucrative business for those people who own carts, and has generated a business in renting them to take advantage of the needs of people." "El centro de Bogotá: pura carreta," *El Tiempo* 21 July 1993.

<sup>27</sup> Some market areas are notorious for powerful vending associations. For example, one association leader, Alejandro Barrera, has exercised control over the 20 de Julio market for two decades. Many consider Barrera a mobster, although Barrera also is known for his effective defense of vendors and former role as coordinator of a national vendors' associations (*Cooperativa Nacional de Vendedores*, Coopnalven). "Quién arrendó el ánden de la 19," *El Tiempo* 25 Nov 1993; "20 de Julio: Se vende el ánden por pedazos," *El Tiempo* 1 March 1993. Under the Castro administration, Secretary of Government Hermán Arias described that, "the invasion of public space has converted into a lucrative business for those people who own carts, and has generated a business in renting them to take advantage of the needs of people." "El centro de Bogotá: pura carreta," *El Tiempo* 21 July 1993. Yet surveys showed that most vendors were poor. For example, a study by the Universidad Libre showed that 65 percent of vendors lived in marginal neighborhoods, 78 percent owned their stands, and only 10 percent worked for other parties or paid rent. "El rebusque en la calle es buen negocio," *El Tiempo* 22 Feb 1995.

Second, while social sympathies divided, tepid political action against street vendors led to widespread complaints from citizens and business groups. A close look at Figure 4.3 shows that media coverage of street vending surged in the early 1990s, and sympathy for the economic conditions of street vendors was counterbalanced by frustration about the insecurity and disorder that they generated. Unsympathetic portrayals reached a peak, constituting half of all articles under Castro. Business mobilization against street vendors also increased. For instance, more than 500 business owners in the city center formed an “emergency committee” to address street vending in 1993.<sup>28</sup>

A flurry of new laws also shaped how politicians and the public discussed street vending. In 1989, the Senate passed the Urban Reform Law, which charged city authorities with the protection of “public space.” The 1991 Constitution then elevated public space as a collective constitutional right. Collective rights took precedence over individual rights, such as the right to work. In addition, the Constitution created a new device, the *tutela*, which allowed citizens harmed by government actions (or inactions) in violation of their constitutional rights to bring suit. Although social rights were not intended to be judicially enforceable, the *tutela* became a means to force the government to take action to address them (Landau 2012: 417-418). One of the first *tutelas* received under the Constitution was from a group of street vendors claiming that evictions violated their right to

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<sup>28</sup> Business owners claimed that they had supported Castro’s campaign due to his promises to recover security and public space, but were disappointed. “Se ahoga San Victorino,” *El Tiempo* 18 Nov 1993. Also see, “S.O.S. lanzan comerciantes del centro,” *El Tiempo* 26 April 1993.

work.<sup>29</sup> It was soon met with a counterclaim from business groups that street vendors infringed on the collective right to public space.<sup>30</sup>

Conflicting social rights claims filtered into political debates. On the one hand, vendors and advocates of the urban poor began to defend forbearance as a way to guarantee the right to work. On the other hand, opponents of street vending equated street vendors with special interest groups that damaged the collective right of citizens to public space. Particularly coming on the heels of decades of negotiated enforcement by city councilors, the disregard of public space was taken as a sign of government corruption and disregard for the public at large. The right to public space also became a convenient euphemism to discuss clearing the poor from visible areas of the city. Colombia's social rights protections thus gave fodder to both sides of the street vending debate.

### 3.2 *Middle-Class Core Constituencies and Enforcement*

The election of mayors with middle-class core constituencies brought a shift in enforcement policy in Bogotá in the mid-1990s. Bogotá elected eccentric mayors from the post-materialist Left. These mayors selected their enforcement position on ideological grounds and viewed themselves as representatives of the have-nots. Nonetheless, consistent with my electoral argument, enforcement attracted nonpoor constituencies and alienated poor voters.

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<sup>29</sup> Many street vendors understood the Constitution as guaranteeing their right to work. For example, one street vendor told the press, "The Constitution has served us because they don't annoy us, it is good because it lets us work." "La Constitución a los ojos de la gente," *El Tiempo* 5 July 1994.

<sup>30</sup> There were 169 street vendors who filed tutelas for their right to work in the city of Ibagué. They were assisted by the councilor from AD/M-19 Enrique Arango. But almost immediately Fenalco and formal merchants also used the tutela to defend their right to work and collective right to public space, leading to one of the first clear conflicts between rights established in the Constitution. "Vendedor ambulantes, primer favorecido por la tutela," *El Tiempo* 15 Dec 1991; "La tutela asfixia la justicia," *El Tiempo* 14 Feb 1992. "Tutela abre la calle a los vendedores," *El Tiempo* 21 Dec 1991; "Corte definirá caso de ventas callejeras," *El Tiempo* 27 Mar 1992.

### 3.2.1 *The Post-Materialist Left: Enforcement Under Mockus (1995-97)*

The election of Antanas Mockus, a former university rector and philosopher, moved the city toward a uniform enforcement policy. His election as mayor in 1994 marked the end of clientelistic negotiations of vending policy in Bogotá. Mockus ran as an independent on an ‘antipolitics’ campaign that rejected traditional party politics. He defeated the Liberal Party candidate, Enrique Peñalosa.

Mockus’ anti-party stance united voters committed to clean government. He won by a landslide, receiving 64 percent of votes cast. The unconventional candidates meant that party bosses gave no clear instructions about how to vote (Pasotti 2009: 81). Abstention reached over 70 percent and even higher among low-income groups. Among those who turned out, Mockus performed equally well among all voters.<sup>31</sup>

Mockus ran on a platform to promote a shared civic culture. The lack of citizen preoccupation with urban problems was viewed as the core issue uniting a host of the city’s problems, like crime, street vending, and traffic. The attempt to transform civic culture was at the heart of his government’s first-term plan, “Citizen in Formation.” Mockus’ campaign manager used the game of *pirinola*, a type of spinning top, to personify the campaign to the public. He changed the faces on the *pirinola* to add the instructions that “we all put in” and “we all take out” (*todos ponen, todos toman*) to personify the government’s philosophy of collective rights and duties. Part of citizens’ shared responsibilities was public space. Mockus considered public space to be “sacred.” Its use by any set of individuals like street vendors undermined civic equality. As Mockus put it, “The street vendor finds how to survive, but he doesn’t let others survive.”<sup>32</sup>

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<sup>31</sup> “En Bogotá, ir a votar da una pereza,” *El Tiempo* 31 Oct 1994.

<sup>32</sup> “El distrito rindió cuentas,” *El Tiempo* 4 Aug 2003.



More broadly, Mockus represented the post-materialist Left. As discussed in Chapter 1, the post-materialist Left promotes greater social equality. While the post-materialist Left seeks to aid the poor, it proposes long-term objectives that may worsen material conditions for the poor in the short run. Given that Mockus pioneered many of these ideas—and they subsequently inspired other mayors in the region like Lima’s Susana Villarán, who I return to below—it is worth dwelling on how they translated into a distinct justification for enforcement.

With respect to street vending, the post-materialist Left is differentiated in its approach to enforcement by three principles. First, a core principle of the post-materialist Left is that forbearance harms the poor’s citizenship rights. It leaves street vendors dependent on the whims of politicians, casts them as criminals, and deprives them of labor rights.<sup>33</sup> For example, Mockus rejects forbearance as part of a broader clientelistic system that degrades citizenship. Enforcement, from this perspective, is necessary to demonstrate a political commitment to the public’s interest over “special treatment” for any single group.<sup>34</sup> Enforcement also helps to move to a system of social rights that makes benefits contingent on poverty, not political connections or willingness to violate laws. Mockus emphasizes:

“My perception is that clientelism and legality are tremendously linked and a major part of favors have to do with turning one’s head to illegality...But that converts those who don’t respect the norms into privileged interlocutors who get benefits that others cannot access...My philosophy is apply the law first, and second, if the application of the law results in a precarious social situation, then attend to it through social policies.”<sup>35</sup>

The contrast with a materialist Left position clarifies the point. Materialists emphasize that forbearance advances economic equality because it respects the poor’s right to work; post-

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<sup>33</sup> For example, as Fuerza Social City Councilor Luis Valer explains, “Being a street vendor is not a dignified life because they will always be conflict with the police, viewed as criminals, and excluded from labor laws and insurance...It’s not promoting equality to let street vendors stay in the streets; it’s being an irresponsible politician.” Author interview, November 28, 2011.

<sup>34</sup> Author interview with Antanas Mockus, Bogotá, Colombia, July 29, 2013.

<sup>35</sup> Author interview with Antanas Mockus, Bogotá, Colombia, July 29, 2013.

materialists emphasize that forbearance slows social equality because it forces the poor to secure favors and violate laws to work.

Second, connected to the promotion of social equality, the post-materialist Left uses enforcement to promote voluntary compliance. The materialist view of law enforcement is that it changes behavior by affecting the probability that a criminal suffers an economic loss through a fine or lost wages in prison. The post-materialist view advanced by Mockus stresses the idea that most sanctions are nonmonetary. Deterrence comes from the incentives that others in society create. To Mockus, the complication with street vending is that, while illegal, it is morally and culturally approved by segments of society. Under this perspective, the goal of state sanctions is to change social norms so that the public reinforces the police's coercive actions and condemns the illegal behavior (Mockus 2002: 22). Mockus pursued creative techniques to amplify enforcement's pedagogical function. Most famously, he hired mimes to mock drivers and pedestrians who disrespected traffic conventions, and tried experiments in self-governance like a day with no police.<sup>36</sup> In street vending operations, Mockus used a Chinese ceremonial dragon to accompany the police to attract public attention and change social norms around vending.<sup>37</sup> Again, the idea was to use classic coercive sanctions in ways that amplified public attention and realigned social norms with the law.

Lastly, the post-materialist Left argues that forbearance is not in the poor's interests even on material grounds. The idea is that street vending perpetuates poverty and inequality by slowing job growth. Just as with squatting discussed in Chapter 3, Mockus saw unlicensed street vending as a shortsighted policy that ignored the consequences for quality of life, urban planning, and economic development. Enforcement serves the poor's long-term interests, even though it removes tangible benefits in the short-term. A materialist view, in contrast, is that forbearance solves pressing material

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<sup>36</sup> "Día sin policías de tránsito," *El Tiempo* 13 July 2002.

<sup>37</sup> Author interview with William Alfonso, Secretaría de Planeación under Mockus, August 1, 2012.

needs, and therefore promotes economic equality. Poor voters tend to turn away from post-materialist positions because they directly remove material benefits and indirectly brush aside that many poor individuals need immediate relief, not medium-term improvements in job opportunities.

Inspired by these principles, Mockus enforced against street vendors. In his first term, Mockus added 2500 auxiliary forces to the police, which were responsible for administrative infractions like street vending.<sup>38</sup> Using the expanded police force, decommissions of merchandise and equipment accelerated, generating a heated public debate.<sup>39</sup> Vendors staged protests and claimed that they were “persecuted” by the police.<sup>40</sup> The government also moved forward with large-scale operations, such as a court-ordered action to evict vendors that had been postponed seventeen times by past administrations.<sup>41</sup>

Strong support from the middle class following a period of forbearance, as well as low unemployment rates, reduced the political costs of enforcement. Mockus coordinated with private businesses to offer minimum wage jobs to street vendors. These policies were motivated by a belief that the majority of street vendors were not poor, but that substitutive social policies should exist for those who truly needed the work. Politically, it served to attenuate the association between enforcement and weak distributive commitments to the poor. As Mockus describes,

“The rate of unemployment was very low in my first term, and that favored me. If a mother came with children and said to me that she would have no way to feed them, I would say, look, ‘This is the minimum salary, and I can offer you a job at that salary. I understand this will be less

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<sup>38</sup> “El distrito se llena de bachilleres,” *El Tiempo* 6 April 1995.

<sup>39</sup> A prototypical citizen letter, for example, argued that, “It is unjust to retain the merchandise of poor peasants with little money who cling to the hope to profit from sales that could take place.” Leonor Galvis de Auzas, “Retenciones,” *El Tiempo* 26 Sept 1996.

<sup>40</sup> “Las protestas callejeros ocasionaron caos vial,” *El Tiempo* 27 May 1995; “Mockus entre bueno y regular,” *El Tiempo* 11 Aug 1995.

<sup>41</sup> The operation occurred in Siete de Agosto in Barrios Unidos. “Los beneficios del espacio público,” *El Tiempo* 12 Aug 1996; “El Siete de Agosto, Zona modelo,” *El Tiempo* 9 Aug 1996.

than you are used to making in the street’...It eased my conscience about what we were doing and showed to everyone that these were not the very poor because they rejected our options.”<sup>42</sup>

More broadly, Mockus parted from past mayors by rejecting state-sponsored relocations of street vendors as a way to balance enforcement and social needs. Mockus proposed a relocation budget of just \$69,000, or an order of magnitude less than the cost of a single relocation project under Castro. The tiny amount—which city councilors then pushed up<sup>43</sup>—was meant to avoid perverse incentives of rewarding illegality, and encourage street vendors to relocate on their own accord (Castañeda and García Bañales 2007: 176). Mockus believed that relocation projects rewarded those who broke the law, and were ineffective expenditures. The average cost of relocation projects from 1990 and 1998 was \$4,147 per vendor (Donovan 2002: 62), and most projects were abandoned soon after relocation.<sup>44</sup> The administration did draw up plans to create a system of rotating markets throughout the city, although they were never launched.<sup>45</sup>

Enforcement played far better with the middle class than the poor. While Mockus drew even support across class groups in his first election due to a relatively general campaign, he was reelected in 2001 (after a break from office due to Colombia’s prohibition on consecutive reelection) with strong support from middle-class voters. Letters to the editor reflected worries about Mockus’ emphasis on enforcement at any cost. One letter, for example, lamented that under Mockus “public

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<sup>42</sup> Author interview with Antanas Mockus, Mayor, Bogotá, Colombia, July 29, 2013.

<sup>43</sup> City councilors, particularly from the Liberal Party, complained that the government did not reserve sufficient funds for the relocation of street vendors and proposed to legalize vendors. “Espacio público: piden más plata,” *El Tiempo* 12 May 1995; “Plan de Desarrollo en cifras,” *El Tiempo* 1 March 1995; “Proponen legalizar las ventas,” *El Tiempo* 26 April 1995.

<sup>44</sup> “Propuestas para ordenar el uso del espacio público,” *El Tiempo* 18 Oct 1996.

<sup>45</sup> Mockus worked with an architect, Pablo Gamboa, to design a system of rotating street fairs (*alamedas feriales*), which would allow vendors to work in a different zone of the city each day. However, the plan never launched due to a combination of administrative hurdles in securing permissions for the circuit of fairs and resources to create infrastructure for them. Author interview with Paul Bromberg, director of the Cultural Institute, advisor to Mockus, and interim mayor (1996-1997), Bogotá, Colombia, January 31, 2014.

space is worth more than the life and health of thousands of families in the southeast and Ciudad Bolívar.”<sup>46</sup> The fact that the poor turned against Mockus in his reelection confirms that enforcement had the predicted electoral repercussions. What is more amazing is that Mockus suffered these electoral costs, despite the fact that his formal welfare investments prioritized the poor. Mockus targeted the poor in health, education, and infrastructure spending. Nonetheless, the poor held him accountable for his visible attempts to enforce against street vendors. Because Mockus ran in a citywide electoral district, he was able to sneak out a victory with middle-class support. Those close to his government confirmed that Mockus was motivated by philosophical beliefs and “did not care about losing the poor’s support,” but that it made for a tough and surprising reelection because “so many poor voters hated him.”<sup>47</sup>

During his second term, Mockus further intensified enforcement against street vendors. In 2002, for example, the police reportedly made 9,300 separate decommissions of merchandise.<sup>48</sup> But, unlike during his first term, the economy soured. Underemployment reached 53 percent and open unemployment was estimated at 20 percent.<sup>49</sup> Mockus could not rely on private businesses to generate alternatives for street vendors.<sup>50</sup> Pressure mounted among the poor to permit vending.

A national legislative project proposed to legalize street vending. Debate over the bill centered on whether street vending was an effective way to create jobs in a period of high

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<sup>46</sup> “Testimonio de un desempleado,” *El Tiempo* 24 Aug 2003.

<sup>47</sup> Author interview with Paul Bromberg, advisor to Mockus and appointed interim mayor, Bogotá, Colombia, January 31, 2014.

<sup>48</sup> Mockus dedicated 100 police agents and 70 assistants to conduct daily operations and patrol the streets and decommission merchandise, using 4 trucks, 2 dump trucks, and 2 pick-ups. “La batalla diaria por la calle,” *El Tiempo* 15 Dec 2002.

<sup>49</sup> “De quién es el espacio,” *El Tiempo* 15 Dec 2002.

<sup>50</sup> Toward the end of his term, the government did attempt to expand the zones in which vendors could be authorized to work and trained to enter the formal sector. “Aprovechando el espacio público,” *El Tiempo* 29 Oct 2002; “La salida no es a corto plazo ni represiva,” *El Tiempo* 15 Dec 2002.

unemployment. The bill's proponents, Liberal Party Senators José Ignacio Mesa and Flora Sierra de Lara, argued that it would guarantee work for thousands of Colombians. Its detractors, including Mockus and the Pastrana administration, argued that street vending exacerbated unemployment by competing with formal businesses. When asked if street vending was a way to give work to those who did not have it, Mockus underscored the detrimental long-term effects: "There is a deep discussion: if I sell cellphone cards on the corner, stores, drug stores, supermarkets sell fewer. No book recommends, as a temporary strategy to confront an economic crisis, to let street vendors invade."<sup>51</sup> Business groups calculated that street vending employed 2 percent of the unemployed, but that economic growth could reduce unemployment by 10 percent. The law passed the House, but failed in the Senate.<sup>52</sup>

The last major initiative under Mockus was to reform to the city's police code to make it easier to control street vending and other administrative infractions.<sup>53</sup> Protests by vendors followed, as well as a debate in the City Council and press about the measures.<sup>54</sup> City councilor Luis Eduardo Díaz, a former shoeshiner, captured the class politics of the debate in explaining his opposition: "I have the blood of a poor person, and I'm not going against my people."<sup>55</sup> Sympathetic coverage of vendors multiplied in the press, reaching a high of 55 percent of articles in 2003. Letters to the editor discussed the proposed police code as a repressive instrument. The strength of social

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<sup>51</sup> "Alcalde: Sí han servido mis shows," *El Tiempo* 21 Sept 2003.

<sup>52</sup> The legislative project was Law 289 of 2001. For discussions, see "Frente común contra ventas ambulantes," *El Tiempo* 5 June 2001; "A punto de hundirse ley de ambulantes," *El Tiempo* 15 June 2001; "Ley contra el espacio público," *El Tiempo* 15 June 2001.

<sup>53</sup> Agreement 79 and Decree 462 of 2003. Although the proposed measure included fines on street vendors for the illegal occupation of public space, the City Council opposed their inclusion. Instead, the reforms only imposed fines on businesses that abetted the occupation of public space. They did clarify that decommission of merchandise is permissible for 24 hours, and permanent for a second offense. "Peluquean el Código de Policía de Bogotá," *El Tiempo* 4 Oct 2002.

<sup>54</sup> "Bloquean vías y transmilenio," *El Tiempo* 8 Oct 2002.

<sup>55</sup> "Así se votaría el código de policía," *El Tiempo* 20 Dec 2002.

sympathy for vendors in part reflected the changed economic conditions and continued civil war violence. A typical editorial, for example, warned of a “social time bomb” caused by enforcing against vendors due to “the explosive combination of unemployment and entrance of displaced people that are fleeing violence.”<sup>56</sup> Again, Mockus downplayed social concerns and claimed that vending exacerbated unemployment because it reduced growth and investment.<sup>57</sup>

In short, Mockus was an ideologue. He entered politics because he had a vision of how to improve the city. His philosophical view was that enforcement served the poor’s and the public’s interest. In this sense, Mockus goes against a pure theory of office-seeking politicians who use forbearance to court an electoral constituency. He did not enforce in search of middle-class support, but rather attracted their support due to his demonstrated enforcement commitments. Mockus underscores that enforcement policies are rooted in substantive debates about how to aid the poor that can divide class groups. Given that Mockus ran for office in a politically centralized city, his enforcement beliefs still allowed him to win elections by mobilizing middle-class support. Hence, politicians do sometimes follow their personal enforcement preferences, but they do so at greater or lesser electoral peril depending on the district demographics of where they run for office.

### 3.2.2 *The Urbanist Center: Enforcement Under Peñalosa (1998-2000)*

To Mockus, social equality stemmed from shared civic culture. To Peñalosa, equality came from shared physical spaces.<sup>58</sup> Peñalosa was an urbanist who objected to street vendors

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<sup>56</sup> “La Guerra callejera de Mockus,” *El Tiempo* 23 Sept 2002; Other examples include “Entre la chaza y el cuchillo,” *El Tiempo* 14 Oct 2002; “Qué van a hacer los vendedores,” *El Tiempo* 30 Nov 2002; “Qué hacer con los vendedores ambulantes,” *El Tiempo* 8 Dec 2002; “Tolerancia con los vendedores,” *El Tiempo* 11 Dec 2002.

<sup>57</sup> “Ni un paso atrás: Mockus,” *El Tiempo* 2 Dec 2002.

<sup>58</sup> Peñalosa would even argue that public spaces are an economically progressive investment because the poor have fewer opportunities for things to do with their free time, and reduced spaces to live (Martin and Ceballos 2004: 159).

appropriating public space for private use.<sup>59</sup> Although rooted in principles of urban design, Peñalosa grounded his political appeals to enforcement in conservative terms that would attract middle-class support. These included appeals to urban subnationalism, crime control, and state authority.<sup>60</sup> Unlike the post-materialist Left, the purpose of enforcement was to demonstrate and rebuild the state's coercive power to regulate behavior. As expected, enforcement repelled poor voters.

First, Peñalosa argued that street vendors deteriorated the city. Enforcement, particularly in the historical downtown, would help recover citizens' pride in Bogotá. Peñalosa caricatures how the city center "lost its majesty and enchantment by the invasion of carts of every brand of soda, ice cream, French fries; with barbeque pits for corn, stands for pork shish-ka-bobs, bathroom slippers and contraband watches." His proposal was to enforce so that Colombians visit the downtown and leave "proud, confident in the capacity of their institutions to confront time and the world" (Peñalosa 2000: 7, 18).

Second, Peñalosa justified enforcement by emphasizing vendors' criminality. He subscribed to the "broken windows" theory of crime, which holds that signs of minor disorder correlate with serious criminal behavior (Kelling and Wilson 1982). Street vendors and the associated neglect of city spaces created a propitious environment for crime. A firm approach toward street vendors would communicate the mayor's tough approach to all crime. Peñalosa also tried to separate street vendors from the poor. He viewed street vendors as mafias, and "middle class" special interest groups that broke property laws and exploited the poor.<sup>61</sup>

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<sup>59</sup> Peñalosa in some ways fits as part of the post-materialist Left because he promoted social equality in non-material conditions. To Mockus, social equality stemmed from shared civic culture. To Peñalosa, equality came from shared physical spaces. Peñalosa argues that public spaces are an economically progressive investment because the poor have fewer opportunities for things to do with their free time, and reduced spaces to live (Martin and Ceballos 2004: 159).

<sup>60</sup> Peñalosa in fact visited Andrade in Lima and drew inspiration from his enforcement policies.

<sup>61</sup> Author interview with Enrique Peñalosa, Bogotá, Colombia, September 7, 2011.



Finally, the control of street vending was a means to reconstruct the state's broader authority. To Peñalosa, street vendors were conspicuous examples of state neglect. Trust in state institutions was low due to the drug trade, civil war, and clientelistic politics. Public space recovery was highly visible to all citizens and therefore could demonstrate the city's authority, competence, and public commitment (Berney 2010). The recovery of downtown spaces meant that, in Peñalosa's words, "the tolerance for disorder would change to become the clearest example of how anything can be accomplished [by the state]" (Beccassino 2000: 2010).

While appeals to urban pride, crime control, and state authority could be understood as valence issues, enforcement came at the expense of jobs for unskilled workers at a time of soaring unemployment. Some poor residents supported the public space recovery, but many viewed Peñalosa's policies as an imposition of middle-class values. As one vendor told the press, "He simply got rid of us as if the city wasn't ours too."<sup>62</sup> There indeed was something of a Potemkin village in efforts to rebuild the city's image and authority by removing the poor from public view. Editorials, for instance, referred to the "Peñalosa syndrome" as the prioritization of "public works and city aesthetics" over people.<sup>63</sup>

Enforcement appealed most strongly to the middle class. The election put Peñalosa up against Carlos Moreno de Caro, an independent who had abandoned the Conservative Party. In contrast to Peñalosa, Moreno de Caro defended forbearance toward street vendors for its informal welfare benefits. He explains, "The people who work in the streets have no education, they are displaced, and this is their last response to survive. You can't repress street vending just so the

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<sup>62</sup> "La mano que limpia," *El Espectador* 21 March 1999.

<sup>63</sup> "Síndrome Peñalosa," *El Tiempo* 27 Nov 2002. As one former street vendor wrote into the paper, "I also would like to live in a city where no one throws themselves at me on the corner to sell things...but the reality of the country is otherwise and all these people have the right to seek substance for themselves and their families, given the circumstances." "Qué hacer con los vendedores ambulantes," *El Tiempo* 8 Dec 2002.

street looks nice, otherwise people just resort to crime.”<sup>64</sup> Moreno de Caro showed up at protests by street vendors claiming “solidarity” with their cause. Concern about a Moreno de Caro victory led to high turnout among middle-income groups at the polls.<sup>65</sup> Peñalosa gained more than fifty percent of the vote share at polling stations in upper class strata areas, and less than a quarter of the vote in poor areas.<sup>66</sup>

The Peñalosa administration immediately began operations against street vendors and pushed all relevant institutions to support continuous control. First, the government reclaimed more than a million square meters of public space and removed an estimated 30,000 street vendors (Donovan 2008: 30). Second, Peñalosa created new institutions to improve enforcement. He created a special unit within the police to seize the goods and equipment of unlicensed street vendors and patrol public spaces (*Grupo del Espacio Público*). The unit included more than 200 officers dedicated to public space control. In addition, the government created a special ombudsman’s office for citizens to file complaints against public space invasions (*Defensoría del Espacio Público*). Third, Peñalosa exerted his control over appointed district mayors to coordinate enforcement efforts. He cut district budgets dramatically, and made clear that appointed mayors’ job security depended on their firm action against vendors.<sup>67</sup> Lastly, the administration coordinated

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<sup>64</sup> Moreno de Caro created a party *Defensa Ciudadana* (Citizen Defense). He promised that he would give credits to female heads of households and defend street vendors’ right to work. Author interview with Carlos Moreno de Caro, August 1, 2011.

<sup>65</sup> “Por qué no ganó Moreno de Caro,” *El Tiempo* 28 Oct 1997. Jaime Castro came in a distant third, despite support from all the traditional party organizations and the city and subcity councilors. Peñalosa, in contrast, ran on an independent ticket and campaigned against the power of councilors as a way to limit corruption (Pasotti 2009: 82).

<sup>66</sup> These calculations are based on data from the Registraduría Nacional, compiled by the Misión de Observación Electoral (MOE). For a similar methodology, also see Santos (2007).

<sup>67</sup> As one bureaucrat put it, “Peñalosa would call and say clean up such and such zone, and the local mayor would issue the order and we’d do it. There was no debate about the situation, or intervention by council members because Peñalosa had such a clear policy of recuperating public

among institutions by holding weekly meetings with all authorities implicated to plan the next week's operations. As a result, Peñalosa managed nearly daily control operations to prevent street vending.

Enforcement operations resulted in a substantial backlash in the press. Evictions occurred at a time when the unemployment and poverty rate were on the rise. A third of articles were sympathetic to street vendors in 1998. Stories of operations, for example, highlighted single mothers with children fleeing bulldozers.<sup>68</sup> Articles decried a "witch hunt," "persecution," and a "police state" against street vendors.<sup>69</sup> Even critics of vendors insisted that they should receive alternative forms of employment for humanitarian or instrumental reasons (crime would increase).<sup>70</sup>

Peñalosa seemed callous to the economic situation of the poor and was profoundly unpopular. Three-quarters of voters said that they would not vote for them again. A third of respondents had an unfavorable image of Peñalosa because he caused unemployment, and a sixth because he did not care about the poor. But opinions divided. A quarter of respondents thought that the best part of Peñalosa's administration was the recovery of public space (Napoleón Franco & Cía Oct 1999).<sup>71</sup>

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space that *all the mayors went along with it or they would lose their jobs*" (emphasis added). Author interview with coordinator of legal affairs, District of Suba, Bogotá, Colombia, August 16, 2011.

<sup>68</sup> "Salen los vendedores de Avenida Jiménez," *El Tiempo* 5 July 1998.

<sup>69</sup> "Inquisición ambulante," *El Tiempo* 26 April 1998; "En favor de los vendedores ambulantes," *El Tiempo* 29 June 1998; "Los vendedores ambulantes," *El Tiempo* 12 July 1998; "Ausencia de sindéresis," *El Tiempo* 13 April 2000.

<sup>70</sup> "El peatón sigue sin espacio," *El Tiempo* 19 Jan 1999; "Bolardos," *El Tiempo* 27 Feb 1999; "Los vendedores ambulantes," *El Tiempo* 12 July 1998; "Los vendedores y el aeropuerto," *El Tiempo* 6 July 1998.

<sup>71</sup> Unfortunately these poll results are not available by class strata. A recall referendum against Peñalosa in part due to his cruelty toward vendors showed the depth of popular dissatisfaction. While the recall was in part due to Peñalosa's street vending policy, it also united middle-class and business groups opposed to the bollards that Peñalosa installed to recover public spaces and an attempt to expropriate the golf course.

A host of politicians and institutional actors defended forbearance against street vendors due to its employment benefits for the poor. Minister of Labor Carlos Bula asked Peñalosa to avoid evictions because “street vendors are people who for necessity, not caprice or taste, undertake their subsistence activities in plazas, parks, and streets.”<sup>72</sup> Then-senator Gustavo Petro was a vocal critic of police “repression” of the poor.<sup>73</sup> Liberal city councilors also criticized the measures and pushed to expand relocation alternatives.<sup>74</sup>

The strongest ideological defense of forbearance came not from a political party, but from the Constitutional Court. Street vendors had filed tutelas to protest their removal on the grounds that evictions violated their right to work and, by leaving them unemployed, jeopardized their rights to subsistence. Their case seemed weak because earlier court rulings upheld public space as a collective right with priority over individual rights.<sup>75</sup> Mockus and Peñalosa frequently drew on this hierarchy to defend the collective interest in public space over individual economic necessities. However, the Court underscored that Colombia’s economic conditions required a recalibration of rights in favor of the poor’s needs. The Court denounced Peñalosa’s insistence on enforcement at a time of high unemployment: “[I]t would be nonsensical to increase unemployment without presenting alternatives that mitigate it, and as such, a judge cannot support that force is used precisely to augment the [employment] crisis.”<sup>76</sup>

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<sup>72</sup> “No desalojar, pide ministro de Trabajo,” *El Tiempo* 4 July 1998.

<sup>73</sup> “Personería y Defensoría piden ver alternativas,” *El Espectador*, 30 Oct 1998.

<sup>74</sup> “Peñalosa, al borde del hueco,” *El Tiempo* 22 Nov 1998.

<sup>75</sup> For example, see “Alcaldes deben garantizar espacio público: La Corte,” *El Tiempo* 3 June 1992.

<sup>76</sup> Constitutional Court of Colombia, Sentence SU-360, *Gaceta de la Corte Constitucional*, 19 May 1999. This doctrine of “legitimate confidence” (*confianza legítima*) conflicted with the thinking that vendors *had already* received redistributive benefits from the state and thus ceded their claims after gaining their wealth. As the Court wrote, “The tacit or express acquiescence of the state is what generates a legitimate expectation for an individual with respect to his judicial situation, even if it does not grant the individual a right to occupy public goods indefinitely, it does empower him to first claim the

More than bluster, the Court issued a negative injunction to support street vendors' social rights claims. The jurisprudential logic is that there is a constitutional right to work and to subsistence, and while the positive aspect of these rights (the provision of employment or income for all) cannot be realized immediately, the Court will at least enforce the negative aspect of the right by making it more difficult to prevent the poor from securing a minimum income.<sup>77</sup> Thus, the government could proceed with evictions only if it offered other employment to street vendors. The Court's powerful language in favor of forbearance over "ideals" of public space is perhaps one of the most explicit philosophical defenses of informal welfare provision and is worth underscoring:

"One cannot deny that, in the a context of poverty as extreme as that affecting the capital, there are not dozens of thousands of people who opt to work for subsistence and, *in the absence of formal sector opportunities, they should use the streets, plazas, and public parks* to market their diverse articles in order to satisfy their own basic needs and those of their families....To deny someone who tries to escape from poverty *the only means of work* that they have at their disposal, in order to clear urban public space, without offering them a dignified subsistence alternative, is equivalent to requiring the individual to sacrifice in a disproportionate form in front of a general interest formulated in terms of abstracts and ideals, *which openly denies whatever type of social solidarity*" (emphasis added).<sup>78</sup>

The Court thus recognized forbearance as an informal mode of employment provision in the context of weak distributive capacity to meet the poor's needs. Enforcement was cast as anti-poor (a denial of "social solidarity"). Governments needed to generate labor alternatives if they chose to remove the informal benefits provided through street vending. However, the Court did not specify the quality or scope of these labor alternatives. It also rooted vendors' claims to labor alternatives in the fact that the poor expected to generate their income in the streets due to the government's past

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implementation of social and economic programs that, like relocation, guarantee the integrity of his labor rights."

<sup>77</sup> For a more general discussion of negative injunctions as a way to enforce social rights, see Landau (2012: 444-447).

<sup>78</sup> Constitutional Court of Colombia, Sentence T-722, *Gaceta de la Corte Constitucional*, 4 Sept 2003.

tolerance. Therefore, there were limits to forbearance. The Court did not bar enforcement actions once the government reset enforcement expectations through the “recovery” of city streets.<sup>79</sup>

The mandate to offer labor alternatives to street vendors forced Peñalosa to invest in relocation and compensation projects, despite his personal distaste for the measures.<sup>80</sup> He then enforced heavily in recovered zones. The scale of investments in relocation was staggering: for example, the city paid 700 street vendors a total of \$3.7 million in compensation to leave the downtown market of San Victorino. It built an \$8.9 million project to house 1200 vendors (Donovan 2002: 57). In spending immense resources on a small group of vendors, however, it is not clear that relocation projects promoted equity or even effective labor alternatives, as the Court had hoped. Only a third of government relocation projects actually were occupied by vendors due to their poor design and location (Castañeda and García 2007: 174-177).

The main point here is that the debate about enforcement was a social policy debate in Colombia. A host of politicians and state institutions linked forbearance to greater social equality, given an imperfect welfare state and weak economy. The Constitutional Court most powerfully

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<sup>79</sup> Constitutional Court of Colombia, Sentence SU-360, *Gaceta de la Corte Constitucional*, 19 May 1999. As a doctrinal matter, the Court’s sentence established that past forbearance generated expectations of future income among street vendors. This “legitimate confidence” (*confianza legítima*) in the state’s non-enforcement obligated the state to provide social alternatives. As the Court wrote, “The tacit or express acquiescence of the state is what generates a legitimate expectation for an individual with respect to his judicial situation, even if it does not grant the individual a right to occupy public goods indefinitely, it does empower him to first claim the implementation of social and economic programs that, like relocation, guarantee the integrity of his labor rights.” Hence, once the city recovered public spaces through removal and relocation projects, the government would reset expectations and could enforce. This doctrine conflicted with the thinking that vendors *had already* received redistributive benefits from the state and thus ceded their claims after gaining their wealth.

<sup>80</sup> Peñalosa shared Mockus’ conviction that government-sponsored relocation projects for street vendors were unjustified because they did not target the poor. As Peñalosa explained his objections: “One has to remember that relocation signifies to give away public money. Let’s not talk in euphemisms. The question is: are the vendors the poorest citizens? It is the role of government to support the poorest sectors of society...Who has done a study to show that [street vendors] are the poorest or among the poorest? Or are we just going to reward them with state resources simply because they broke the law?” Author interview with Enrique Peñalosa, September 7, 2011.

articulated the principle that, given the state's failure to provide employment alternatives, forbearance is a necessary way to employ the poor and guarantee basic material needs. The social rights discourse made it easy to peg politicians like Peñalosa and Mockus as privileging middle-class values like cleanliness and aesthetics over economic necessities.

Using an electoral framework rooted in office-seeking motivations cannot explain the behavior of politicians like Mockus and Peñalosa. Both politicians have been described as idealistic and divorced from popular sentiment. While they illustrate political choices over enforcement, they underscore how ideology can motivate policy. However, in their idealism, they strengthen my claim that enforcement forms part of debates over how to improve social welfare and divides the electorate on class lines. Their support for enforcement communicated a distributive commitment to the middle class, despite their substantial pro-poor social investments in other areas and their self-conceptualization as politicians who prioritized the poor. Peñalosa, for example, perversely insists that he “did more to advance the cause of equality than any politician since Stalin.”<sup>81</sup> At times, the political costs of enforcement have led even ideologues like Peñalosa and Mockus to soften their enforcement positions in reelection campaigns.<sup>82</sup> Both politicians struggled to erase an image of their governments as unsympathetic to the poor's distributive needs, and gained less support among poor voters with each election cycle. Their governments empirically illustrate the survey findings that I presented in Chapter 2: voters view politicians who enforce as anti-poor, and the poor are less likely to vote for enforcement.

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<sup>81</sup> Author interview with Enrique Peñalosa, Bogotá, Colombia, September 7, 2011.

<sup>82</sup> Mockus admits that he backed down from evictions in his first term in office because he was concerned about eroding the trust of poor voters. Peñalosa, when seeking reelection in 2011, realized that enforcement against street vendors alienated poor voters. He proposed a segmented enforcement strategy. While emphasizing his achievements in clearing central city areas and the need to maintain public spaces in the downtown, he proposed that street vendors in poor districts could remain in the streets. The half-hearted attempt to show sympathy convinced few poor voters.

State capacity in its traditional coercive and administrative sense did not enter the enforcement debate in Bogotá. Mayors could and did repress street vending at the time when the city's resources were at their nadir. In fact, they enforced the law so effectively that citizens and politicians objected. The main constraint on enforcement, as explicitly recognized by courts, was the state's ability to guarantee the poor's welfare. I now show how subsequent politicians used forbearance explicitly to court poor core constituencies.

### *3.3 Lower Class Core Constituencies and Forbearance*

After almost a decade of mayors who attracted their strongest support from middle-class voters, a sea change occurred. Citizens elected mayors with poor core constituencies. Forbearance toward street vending was used as an explicit campaign appeal to demonstrate a commitment to employ the poor and mobilize poor voters. The realignment led to a clear drop in enforcement, even as state capacity rebounded.

#### *3.3.1 The Materialist Left: Regulation and Forbearance Under Garzón and Moreno (2003-10)*

The 2003 elections marked a change in class constituency and enforcement policy. Luis Garzón staked his campaign on representation of the city's poor. He represented a labor-based Left that attempted to build a political party, the Polo. His slogan "Bogotá Without Indifference" claimed to prioritize the impoverished. Garzón grew up in the poor districts of Bogotá and had strong ties to organized labor, eventually becoming the president of the largest Colombian labor confederation. In an unusual decision, the union movement had begun to incorporate informal sector workers and Garzón promised benefits beyond the formal sector.

Given the previous two mayors' efforts to "clean up" the city, Garzón used forbearance to underscore his commitment to the poor. On the campaign trail, Garzón made his rejection of enforcement against street vendors a central issue. He rallied many poor voters who had not mobilized in previous elections around forbearance. The campaign folded forbearance into class



issues by rejecting the prioritization of “aesthetics” over social policy and the concentration of police resources on “defenseless poor,” rather than wealthy criminals.<sup>83</sup> Garzón stated in a debate that the city “should not be a blank postcard,” and that his administration intended “to take into account employment as a social necessity.”<sup>84</sup> In contrast to previous administrations, he promised to create employment opportunities through support for small and micro-businesses and offered forbearance as a necessary way to employ the poor until growth accelerated.

The electoral incentive to promote forbearance was clear due to the direct mobilization of street vendors and the indirect social sympathy for their cause. Prior to the election, more than 30,000 of an estimated 110,000 street vendors in the city marched around the slogan “Polo [Garzon’s party] or the Police Stick!” (*Polo o Palo!*).<sup>85</sup> Social sympathy with street vendors ran high, with more than half of articles offering a sympathetic portrayal of vendors during this period.<sup>86</sup>

How to confront employment and poverty dominated the 2003 election due to the magnitude of the economic crisis in Bogotá. Urban unemployment still remained at 16 percent in the run-up to the election (ILO 2012), 57 percent of the workforce worked in the informal sector, and 45 percent fell below the poverty line (DANE 2012). More than 80 percent of citizens named employment as their primary concern (Bogotá Como Vamos 2003).

Garzón won powerfully among the poor. The election was the first time that the poor turned out at equal rates to other class groups. They overwhelmingly backed the Polo. Among the

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<sup>83</sup> “Mi lucha es por la inclusión social,” *El Tiempo* 22 July 2003; “Agenda de los candidatos,” *El Tiempo* 25 Aug 2003; “Antes que peajes, renegociar la deuda,” *El Tiempo* 6 Aug 2003.

<sup>84</sup> “El rebusque, para sobrevivir!” *El Tiempo* 13 Aug 2003.

<sup>85</sup> While the march in large part served to reject reforms to the police code under Mockus, it also showed vendors’ support for Garzón. Vendors first attempted to meet with Mockus and then marched to the Procuraduría General. “La protesta ambulante,” *El Tiempo* 19 July 2003; “Vendedores piden alternativas,” *El Tiempo* 22 July 2003.

<sup>86</sup> For example, see “Los informales,” *El Tiempo* 14 Oct 2003; “Tolerancia con vendedores ambulantes,” *El Tiempo* 27 July 2003; “Peor el remedio que enfermedad,” *El Tiempo* 9 Aug 2003; “El código, una utopía,” *El Tiempo* 21 Aug 2003.

lower two socioeconomic strata, Garzón received 74.9 percent of the votes, compared to 25.4 percent among the uppermost strata (Bogotá Como Vamos 2005).

Poor voters rejected continuity with past policies, represented by the losing candidate Juan Lozano, a Liberal Party dissident who received Peñalosa's endorsement. Promises of forbearance differentiated Garzón from Lozano, who said that he would "run the risk of losing votes" and enforce against street vendors because "the law is not negotiable."<sup>87</sup> Peñalosa warned that the city jeopardized its future with Garzón because he did not understand the value of public space.<sup>88</sup> Lozano reflected on the stark class divisions in electoral preferences saying, "Bogotá is not, in reality, one, but two, cities."<sup>89</sup>

In office, Garzón avoided enforcement against street vendors. With few exceptions, police stopped decommissioning merchandise and equipment from vendors.<sup>90</sup> Weekly meetings to coordinate operations ceased. Garzón reiterated that he intended to enforce sparingly until the government generated job alternatives: "We are not complicit in the illegality, but we also are not going to tell the police to repress."<sup>91</sup> Garzón designed "Plan Presence" (*Plan Presencia*), which tried to convince vendors to respect public spaces and reduce negative externalities without enforcement actions that would compromise their ability to earn a living.<sup>92</sup> Street vendors corroborate police data

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<sup>87</sup> "Lozano: Transmilenio no es poesía sino dignidad," *El Tiempo* 19 Oct 2003; "El ganador fue el debate," *El Tiempo* 22 Aug 2003; "Lo que dijeron los candidatos," *El Tiempo* 22 Aug 2003.

<sup>88</sup> "Respuesta a Peñalosa," *El Tiempo* 17 Oct 2003.

<sup>89</sup> "Reflexiones de una campaña," *El Tiempo* 2 Nov 2003.

<sup>90</sup> The exception came in operation to decommission pirated and copyrighted goods, although these concentrated in wholesale markets where the goods were sold, rather than in streets against vendors (Jaramillo, Cárdenas Villamil, and García Bañales 2008: 80, 128).

<sup>91</sup> "No voy a arrendar ni a parcelar el espacio público," *El Tiempo* 12 Nov 2004.

<sup>92</sup> "Por ahora, será a las buenas," *El Tiempo* 10 Feb 2004.

showing that enforcement operations plummeted. As one vending leader put it, “Why do I support the Polo? Because the Polo is the only party that for better or worse has let us work.”<sup>93</sup>

Garzón received substantial criticism for easing enforcement. The press attacked the loss of control. A full 47 percent of all news items (both articles and letters) included unsympathetic portrayals that berated the government for its leniency. Typical letters feared the “chaos of the past,”<sup>94</sup> denounced the “outrage against ordinary citizens,”<sup>95</sup> and complained about the “populist and permissive strategy” in which “the police themselves say that they have orders not to annoy the vendors.”<sup>96</sup> In 2005, 46 percent of the population considered street vendors among the principal problems of the city (Bogotá Como Vamos 2005). Public opinion divided on vending with a majority (58 percent) in favor of more enforcement and 38 percent of the public opposed to any operations.<sup>97</sup> Although criticism mounted, Garzón remained committed to street vendors. As Garzón reflected, “My greatest fault can at the same time be my greatest virtue: I’m a good person, at times things require a hard hand (*mano dura*) and, since I don’t have one, others think I’m an imbecile” (Gilbert 2008: 276 ).

Why didn’t the Garzón administration legalize street vending if it opposed the regulations? Part of the answer is that the city government lacked the authority; the Constitution required the protection of public space. Even if legally possible, however, legalization of street vending was not the goal. Garzón preferred the revocable nature of forbearance, and set out a policy to transition

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<sup>93</sup> Author interview with anonymous vending leader, Bogotá, Colombia, Sept. 20, 2011.

<sup>94</sup> Letter to the editor, *El Tiempo*, 4 Jan 2004.

<sup>95</sup> “El centro, invadido,” *El Tiempo* 20 Feb 2004.

<sup>96</sup> “Y la policía?” *El Tiempo* 1 Feb 2004.

<sup>97</sup> “Debate por el espacio público,” *El Tiempo* 6 Jan 2004.

vendors into formal solutions that would permit greater control over street vending.<sup>98</sup> Much like the Constitutional Court, Garzón defended street vending as a necessary stopgap measure in the context of unemployment and poverty. It is critical to emphasize that Garzón did not favor manipulations of the law to exploit the poor and gain power over them; his opposition was rooted in a view that enforcement was inappropriate given the social context and an attempt to appeal to poor voters.

To a certain extent, the Garzón administration did work to boost substitutive social policies beyond forbearance. Garzón passed a “master plan” that proposed a managed approach in which street vending associations regulated their own activities and the government created kiosks to permit an orderly use of public space, as well as other labor market alternatives.<sup>99</sup> Despite the ambitious strategy, the government managed to build just 300 kiosks. Relocation projects proceeded no faster than under past administrations. Forbearance remained the best alternative for the materialist Left. As one city official noted, “It would have been against the people who voted for the Polo to evict street vendors...But the Polo still couldn’t solve the underlying issue of jobs.”<sup>100</sup> Street vendors, and the poor more generally, appeared to reward the Polo’s forbearance at the ballot box even though formal welfare solutions were not forthcoming.

Prioritization of the economic needs of street vendors continued in the subsequent Polo administration of Samuel Moreno. While Moreno lacked Garzón’s working-class background, his family history with National Popular Alliance (*Alianza Nacional Popular*, ANAPO), which appealed to

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<sup>98</sup> See, “El espacio público será todo una empresa,” *El Tiempo* 10 July 2005; also see, “Plan Maestro de Espacio Público,” Decree No. 215, Bogotá, Colombia, 7 July 2005.

<sup>99</sup> Decree 098 (*Plan Maestro del Espacio Público*). The “master plan” laid out several objectives: 1) to establish a commission to manage vending with the joint participation of vendors and government officials, 2) to restructure the agency in charge of relocation projects, evaluate past projects, and generate alternative labor solutions for vendors, 3) to commission a census of the vending population, and 4) to promote the democratic use of public space, which in practice meant the construction of kiosks to relocate street vendors.

<sup>100</sup> Author interview with Juan Manuel Roso, Personería, Bogotá, Colombia, September 27, 2011.

informal sector voters, suggested that he would prioritize the interests of street vendors.<sup>101</sup> Street vendors mobilized for Moreno. They insist that their support reflected their confidence that the Polo would protect their interests against enforcement.<sup>102</sup> By the 2007 election, vending associations formally had joined the main Colombian labor confederation (*Central Unitaria de Trabajadores de Colombia*, CUT) and formed a united bloc in favor of the Polo. Like Garzón, Moreno won with the support of poor and working-class voters (Gilbert 2012: 5).

Moreno largely continued the Polo's policies of forbearance toward street vendors, although he improved security and administrative enforcement in other areas. Police records show that Moreno took a comparatively lax approach against street vendors. A high-ranking official describes that the Moreno administration made a policy of forbearance toward street vendors clear to officials: "In private meetings, we're told not to touch the street vendors. Vending regulatory policies aren't meant to work because this is how the Polo Party gains its support base."<sup>103</sup> In other areas like public security, Moreno invested heavily in enforcement. He doubled the police's budget. He also introduced a number of innovative measures to reduce crime, such as a liquor sales ban. Restrictions on alcohol sales were consistently enforced (Mello, Mejía, and Suárez 2013). These facts suggest that the police did not lack the capacity to act against administrative infractions. Rather, operations against street vendors remained minimal because the Polo needed the poor's electoral support.

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<sup>101</sup> Moreno is the grandson of Gustavo Rojas Pinilla, a populist politician who powerfully courted informal sector voters through his National Popular Alliance (*Alianza Nacional Popular*, ANAPO) opposition party. He narrowly lost the 1970 presidential election (arguably due to fraud). Moreno's mother is María Eugenia Rojas, the former president of ANAPO, and a strong advocate of street vendors. Samuel Moreno was active with the ANAPO opposition.

<sup>102</sup> Author's focus group with street vending leaders, CUT, 1 Sept 2011.

<sup>103</sup> Author interview with anonymous official, Personería de Bogotá, Sept. 14, 2011.

Social solidarity with street vendors remained high, which expanded the number of voters willing to support forbearance. Although Bogotá's economy recovered and poverty rates fell in the 2000s, the limited availability of good jobs and internal displacement continued to justify forbearance. The sub-director of the agency tasked with the relocation of street vendors, the Institute for the Social Economy (*Instituto para la Economía Social*, IPES) explains, "In the early 2000s, 62 percent of citizens said that they bought from street vendors, and 80 percent thought that street vendors damaged the city. Now, you have 78 percent that continues to buy on the streets, but only 75 percent see street vending as a problem... There is a certain level of solidarity with street vendors, instead of watching the displaced beg for money, people see them working."<sup>104</sup>

Again, forbearance was not the Moreno administration's preferred policy. The administration probably would have preferred policies to reduce poverty and employ the poor. But these were viewed as the national government's responsibility. A report from the authority that receives citizen complaints against street vending underscores how forbearance served as an informal employment policy for both Polo administrations:

"The focus of public policies implemented in the past two administrations [of Garzón and Moreno] center around the social imperative and citizens' rights to work, which has resulted in that *the recovery of invaded public space has not continued at the pace demanded by some public sectors.*" Nonetheless, it is important to warn that lasting solutions to the problem of informal sales will not be achieved *without the national government's solution of the macroeconomic situations that give rise to the phenomenon*" (emphasis added).<sup>105</sup>

In short, barring other options, forbearance was the best option for both Garzón and Moreno to win the poor's votes and employ them through informal means. Particularly for Garzón, forbearance stemmed from a conviction that street vendors formed part of the working class and merited the Left's defense. Moreno lacked Garzón's working class roots, but he similarly

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<sup>104</sup> Author interview with IPES sub-director, Bogotá, Colombia, September 12, 2011.

<sup>105</sup> "Informe Final Auditoría Gubernamental, DADEP," Período Auditado 200, Dirección Sector Control Urbano, Dec 12, 2010.

understood that the Polo's base needed to extend to informal sector workers. Forbearance continued even as police resources doubled and crime rates fell in the 2000s.

### 3.3.2 *The Materialist Left Reprised: Forbearance Under Petro (2011-14)*

The Polo's run in office ended in 2011. Moreno left in disgrace on charges that he took bribes in exchange for public works contracts. Corruption sunk the party's reputation. But the materialist Left's policies largely continued under a new guise. Gustavo Petro, a former M-19 guerrilla and an ally turned critic of the Polo Party, won the 2011 election for mayor. Petro garnered respect as a crusading opposition senator who denounced the Polo's corruption. He formed a new leftist party, the Progressive Movement (*Movimiento Progresista*). Petro mixed post-materialist appeals to respect the environment and diversity, with classic materialist positions to promote workers' rights and basic necessities for the poor.

Petro continued to use support for street vending as a way to signal his distributive commitments. He campaigned on vague proposals to promote the "popular economy," and had a long history of defending street vendors since when Peñalosa removed street vendors from the downtown.<sup>106</sup> In debates, Petro largely avoided street vending because it compromised his attempts to build multiclass appeal. As one city official put it, "Vendors could be the million dollar question in a debate that separates a candidate of the poor from a candidate of the wealthy...but everyone wanted to avoid it because Peñalosa loses poor votes and Petro has to admit to the middle class that he won't touch vendors and that will be the end of his broader coalition."<sup>107</sup> While Petro used only vague appeals on the campaign trail, some of Petro's allies in the Progressive Party took explicit stances in favor of forbearance. As a candidate, the city councilor and party spokesperson, Yezid

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<sup>106</sup> "Personería y Defensoría piden ver alternativas," *El Espectador*, 30 Oct 1998.

<sup>107</sup> Author interview with coordinator of judicial affairs, Bogotá, Colombia, August 16, 2011.

García, ran on a platform that promised “the right to work for informal vendors, the suspension of evictions and arbitrary decommission of merchandise.”

Street vending leaders were skeptical of Petro because they believed that his personalistic party doomed the Polo. To vendors, the Polo represented an attempt to build a real political party to defend informal and formal sector workers.<sup>108</sup> Nonetheless, Petro’s primary rival in a fragmented field was Peñalosa. Vending leaders were unified in their opposition to another term for Peñalosa.<sup>109</sup>

Petro polled best among lower and lower-middle class voters in large part due to his reputation for denouncing corruption. Petro attracted much stronger support among the poor than Peñalosa. Half of lower class voters said they would never vote for Peñalosa. Meanwhile, roughly half of upper income voters supported Peñalosa. Petro won with just 28 percent of the vote, and a less clear-cut class profile of support due to a slew of moderate candidates.<sup>110</sup>

Consistent with his support among poor voters, Petro moved to protect street vendors in two ways. First, going even beyond the Polo’s position, Petro dismantled police capabilities to control street vending. Peñalosa had created a special unit to control street vending within the National Police. The police reserved 240 officers for regular patrols of public space, and to coordinate larger control operations with local mayors. Petro disbanded the unit, and according to

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<sup>108</sup> Author interview with Alfredo Machola Rojas, president of the UGTI-CUT (*Unión General de Trabajadores de la Economía Informal*), September 1, 2011.

<sup>109</sup> Focus group with street vendors, CUT, Bogotá, September 13, 2011.

<sup>110</sup> Some polls suggest that Petro drew near even support across class groups, while others give him stronger support among lower and lower-middle sectors (Strata 1, 2, and 3). High rates of abstention and vote fragmentation make polls of vote intention slightly unreliable. Moreover, while Gina Parody initially did well among lower income voters, her alliance with Mockus boosted her ratings among the middle class and helped Petro surge among the poor. “Petro 22%, Peñalosa 19% y Parody 17% de intención de voto, según Ipsos Napoleón,” *Semana* 21 Oct 2011; “Gina Parody es la segunda en Bogotá, según encuesta de Datexco,” *Semana* 27 Oct 2011; “Alianza Gina-Mockus evita polarización, pero la pelea sigue siendo entre Petro y Peñalosa,” *La Silla Vacía* 10 Oct 2011. “Bogotá: la campaña se vuelve seria,” *Revista Razón Pública* 11 Aug 2011; “A Gina le funcionó la alianza,” *El Espectador* 7 Oct 2011.



government officials, ordered the police to suspend control operations and end decommission of merchandise. Operations largely have ceased.<sup>111</sup> Second, Petro revived old legislative proposals to legalize street vending by allowing vendors to rent public spaces subject to restrictions. As a press release put it, the interest of the administration is “to transform informal sales into a popular economy that guarantees dignified and decent work.”<sup>112</sup> It remains unclear whether these proposals will move forward. The key point is that Petro continued the Left’s policies of forbearance, despite mounting pressure to control street vending.

### 3.4 *Urban Political Centralization*

Street vending policy has shifted radically over time and has remained a salient political issue in Bogotá. The newspaper reports showed that vending faded from the agenda in Lima, even though the number of street vendors in the two cities has been similar. What explains the continued political salience of street vending in Bogotá? The main factor that I want to flag, and return to in the next chapter, concerns the different electoral structures of the cities.

In a politically centralized city like Bogotá, mayors decide on enforcement policy for the entire city and can compel district mayors to follow these guidelines. Faced with more uniform enforcement policies, the spatial pattern of street vending differs. Street vendors remain in commercially profitable, central areas of the city where they are visible to the nonpoor. Political centralization thus increases the political salience of street vendors, and the class debate that surrounds vending. In politically decentralized cities like Lima and Santiago, city mayors can pursue a segmented approach in which they enforce in the city center and allow district mayors to set enforcement policies according to local preferences. Segmentation leads vendors to move to the

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<sup>111</sup> Author interview with Ricardo María Cañón Prieto, Personero de Bogotá, July 31, 2012.

<sup>112</sup> “Reubicación de comerciantes informales, concertada con el distrito,” Press Release, Alcaldía Mayor de Bogotá, March 4, 2012.

urban periphery where they are less visible to middle-class residents. Thus, the political costs of enforcement choices are reduced under decentralization.

Of course, this does raise the question of why mayors in a politically centralized city do not take a segmented approach. In other words, why not tolerate street vending on the urban periphery and enforce in central zones? Such a policy may satisfy middle-class groups, but segmentation carries a cost among poor voters who know that city mayors could let them work in commercially profitable areas of the city where they are visible to the nonpoor. If mayors want to signal a commitment to the poor, they face pressure for forbearance in valuable zones. In an attempt to expand his popular appeal in the 2011 mayoral campaign, for example, Peñalosa embraced a segmented enforcement policy. He stated in a campaign event that he “did not care about letting a single mother work as an avocado vendor in Suba [a poor district],” while he intended to enforce in the profitable business downtown.<sup>113</sup> This type of appeal only reinforced his disregard for the poor. Rather than allow the poor to work in central areas where they earn the most money and are visible to all classes, Peñalosa proposed to relegate them to peripheral areas. The logic is quite different for mayors in hybrid cities, as we will see next in Lima, because city mayors can justify a segmented approach as respect for autonomous policy determination.

To review, the longitudinal pattern of enforcement in Bogotá defies dominant capacity-based explanations. Yet, the enforcement patterns makes perfect sense given changing political tides in the city. Enforcement oscillated with the core constituency of each mayor. Bogotá mayors proposed enforcement policies that attracted middle-class constituencies in the mid-1990s. Even though Mockus and Peñalosa claimed, and in many ways acted, to represent the poor’s interests, their enforcement policies alienated poor voters. Rejecting an enforcement approach, the poor instead voted for mayors who supported forbearance in the 2000s. Garzón, Moreno, and Petro all

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<sup>113</sup> Campaign rally for Partido Verde, Bogotá, Colombia, September 13, 2011.

sought to generate informal employment and signal their distributive commitments to the poor through forbearance. Failures in the welfare state, not the police or bureaucracy, were used to justify forbearance politically and even constitutionally by the courts. Hence, while capacity-based theories predicted a secular increase in enforcement, my electoral theory helps make sense of the sharp swings in enforcement outcomes.

#### 4 Enforcement and Institutional Weakness: Lima

Peru's notoriously weak institutions, debt crisis, and urban poverty make it an unlikely case for enforcement. Indeed, elected mayors in the 1980s and early 1990s won with the support of the informal sector poor and used forbearance to rally their constituents. More than a decade of forbearance increased opposition to street vending, however, and helped to bring a mayor who represented a nonpoor core constituency to power. Enforcement followed. The fact that enforcement occurred, despite limited institutional resources and a faltering economy, provides disconfirming evidence of state capacity-based theories.

**TABLE 4.2. Core Constituency and Enforcement by Mayor, Lima (1981-2014)**

	Lower	Neutral	Upper
<b>Forbearance</b>	Barrantes (1984-86) Del Castillo (1987-89) Belmont (1990-95)	Castañeda (2007-10)	
<b>Enforcement</b>		Castañeda (2003-06) Villarán (2011-14)	Orrego (1981-83) Andrade (1996-2002)

SOURCE: Author's compilation of electoral data by district and enforcement reports.

This section underlines how differences in winning core constituencies shape enforcement. To provide a blueprint for the case, Table 4.2 charts the class basis of support and enforcement policy for each elected mayor in Lima since the reintroduction of direct elections in 1980. Lima city residents have moved to elect mayors with nonpoor or neutral core constituencies as the city

government's institutional capacity has improved with time. All recent mayors are in the central column of neutral class constituencies.<sup>114</sup> Unlike in Bogotá, mayors largely have maintained enforcement policies due to their multiclass constituencies. Additionally, Lima's hybrid electoral structure in which the city mayor controls enforcement in the center and district mayors set their own autonomous enforcement policies has reduced the electoral costs of enforcement. Mayors in poor districts have continued to pursue forbearance, as Chapter 5 further underscores. This section divides Lima's political history into four major periods based on the types of core constituencies and enforcement policies pursued, beginning with the return to democratic elections. I then expand on the role that a hybrid electoral system has played in sustaining enforcement policies by city mayors.

#### *4.1 Lower Class Core Constituencies and Forbearance*

Having sketched out the central correlations between class constituencies and enforcement policy over time, this section explores how attempts to court the votes of the poor motivated forbearance during the 1980s. In order to make this link between electoral incentives and enforcement, this section briefly reviews the context at Peru's transition back to democracy. I then show how forbearance was used to boost welfare informally and signal distributive commitments to the poor by both the materialist and populist Left during the 1980s.

##### *4.1.1 The Transition: Redemocratization and Weak Enforcement Under Orrego (1981-83)*

Mayoral elections returned to Lima in 1980. The changing social and electoral landscape provided an opportunity for the Left to link to the urban poor. Millions of previously disenfranchised illiterate voters joined the electorate and more than doubled the voting population (Remmer 1985: 258). Migration brought 75,000 peasants to Lima each year in the 1980s (INEI

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<sup>114</sup> As I return to below, classifying a mayor's core constituency is tricky in the case of Susana Villarán because there is a divergence between ecological correlations and vote preference surveys. Her rapid ascendance and high rates of abstention created discordant findings in the polls. I classify her as winning neutral class support due to the uncertainty, although other analysts have argued that she attracted lower class support (Sulmont and Gordillo 2011).

1999); many initially found employment in professions like street vending as part of Lima's vast informal economy. Compulsory voting rules magnified the poor's political power by compelling their turnout.

The political Left pieced together a coalition of parties, the United Left (*Izquierda Unida*, IU), to contest city elections. With little time to organize, the Left lost to the government's mayoral candidate, Eduardo Orrego. Orrego ran on the centrist Popular Action (*Acción Popular*, AP) ticket. Middle and working-class voters supported Orrego in large numbers, although he drew weak support from the informal sector poor (Cameron 1991: 299).<sup>115</sup> AP's victory in the founding election may have reflected hesitancy to jeopardize democracy with support for a newly formed Left party. AP also made popular promises to promote jobs and fair wages to expand its electoral support (Dietz 1998: 196).

The democratic transition devolved power over urban planning and street vending enforcement to the city mayor. Orrego was an architect by training who promised to revitalize Lima's center consistent with middle-class hopes. Major newspapers, business associations, and middle-class groups complained of the deterioration and congestion in Lima's center caused by street vendors. De Soto and Gherzi (1989: 88) argued that many city residents hoped street vending would disappear with the removal of Peru's military government that had used forbearance to bolster its support. As they wrote, "The city's residents wanted the municipal government to take a stand against the street vendors, who were regarded as one of the most deplorable legacies of the military government."

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<sup>115</sup> Poll data are limited for this period, but ecological correlations suggest a positive, although possibly neutral, class gradient. Cameron (1991: 295-299) finds that the share of manual, employer, and white-collar workers in a district does not clearly predict the 1980 AP municipal vote, although by 1983 occupational class is a robust predictor across class groups (with manual and informal sector workers much less likely to support AP). However, the share of informal sector workers in a district does predict less support for AP even in the 1980 elections, leading to the conclusion that Orrego received weaker support among the urban poor.

Capacity constraints limited the scope of enforcement actions. The city acquired 400 employees to manage urban planning tasks, but the devolution of administrative responsibilities at the transition brought no additional budget (Pease Garcia 1989: 51). Resource constraints led Orrego to concentrate his “clean up” efforts on a tiny area of the city center, Lima Cuadrada. He ordered the eviction of street vendors to create a pedestrian passage. While a limited objective that ignored important concentrations of vendors, it broke with the military government’s neglect of the issue. I classify Orrego as pursuing an enforcement policy because he ordered the eviction of vendors and control operations to preserve the cleared zone. It was a baby step.

Enforcement sparked a backlash from street vendors and their political representatives. The eviction order resulted in a protest by the largest street vending association in the city, the Federation of Lima Street Vendors (*Federación Departamental de Vendedores Ambulantes de Lima*, FEDEVAL). The mobilizations highlighted the growing political power of street vendors. The number of street vendors climbed from roughly 60,000 at the transition to 85,000 at the end of Orrego’s term.<sup>116</sup> The IU defended street vending as a means of survival and a necessary response by the poor to economic crisis.<sup>117</sup> Orrego pushed ahead with the removal, although conceding to rent the city’s fairground to vendors.<sup>118</sup>

While surveys are unavailable, it seems likely that the poor sympathized with vendors’ claims due to the weak economy. The Peruvian economy shrank more than 12 percent under President Belaúnde, and wages lost 40 percent of purchasing power (Panfichi 1997: 219). The informal sector

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<sup>116</sup> In 1976, the National Statistical Institute counted 58,284 street vendors in Lima. In 1985, the ILD counted 84,327 street vendors and an additional 38,897 vendors in informal markets. Head count methodologies, like those used by ILD, tend to undercount street vendors, making this a conservative estimate of their expansion.

<sup>117</sup> Some IU legislators and city councilors joined the protests, such as Rolando Breña and Hugo Blanco. “Vendedores ambulantes paralizan el Centro,” *El Comercio* 24 April 1981.

<sup>118</sup> AP city councilor and later mayor, Luis Castañeda, took charge of projects to move vendors to fairgrounds in the city center.

expanded from 33 percent to 42 percent of Lima's labor force (Chávez O'Brien 1993: 92). The economic failures and perceived prioritization of middle class interests by the Orrego administration led to popular discontent with the traditional parties of AP and its ally, the PPC. The urban poor deserted AP in large numbers in subsequent elections and turned to the Left (Cameron 1991).

#### 4.1.2 *The Materialist and Populist Left: Forbearance Under Barrantes and Del Castillo (1984-89)*

The Left swept the 1983 metropolitan elections, bringing a shift in enforcement policy. City residents elected Alfonso Barrantes, a popular labor lawyer with Marxist roots, as mayor. Barrantes represented the IU, although he was not affiliated with any particular party within the coalition. The IU selected Barrantes as its candidate because his independence and "common touch" could help win over low-income voters without strong partisan affiliations (Roberts 1996: 226). With AP discredited, the mayoral contest boiled down to "opposition" candidates; Barrantes ran against Alfredo Barrenechea from the populist APRA party.

Barrantes drew strong support from the urban poor and working class voters. A yawning class gap in preferences emerged. Surveys show that 52 percent of the lower working class voted for IU compared to only 23 percent of upper and middle-class voters. Meanwhile, the urban poor supported APRA in roughly equal proportions to other social groups (Cameron 1991: 297). The strength of IU support also was evident at the district level: fifteen of sixteen poor districts in the capital elected local mayors from the IU (Dietz 1998: 196).

On the campaign trail, Barrantes proposed policies and alliances that emphasized his commitment to the urban poor. Most famously, Barrantes promised a free glass of milk to every needy child in Lima,<sup>119</sup> but he also promoted a "managed" approach to street vending that would be

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<sup>119</sup> The Glass of Milk (*Vaso de Leche*) program would become Barrantes' main policy legacy, as subsequent governments kept the program and expanded it nationwide due to its popularity among the poor. Del Castillo briefly tried to end Vaso de Leche because it was associated with the IU, but backed down due to popular opposition (Graham 1992: 179).

sensitive to their employment needs. To make his commitment clear, Barrantes offered street vending leaders places on his IU ticket. Most notably, FEDEVAL head Guillermo Nolasco campaigned alongside Barrantes and won election as a councilor. The alliance with FEDEVAL, which had vocally opposed evictions under Orrego, positioned Barrantes as a candidate who represented the poor's interests.

A combination of ideological conviction and strategic calculation led Barrantes to ally with street vendors. Barrantes came from a humble provincial background, worked as a labor lawyer, and understood street vendors as part of an oppressed lower class. Interpreted in a Marxist light, Barrantes viewed street vendors as part of a "temporary reserve army of labor" that would be absorbed as Peru industrialized.<sup>120</sup> Nolasco describes how Barrantes identified street vendors as part of a common working-class identity:

"The consensus was that vendors were a product of economic crisis and migration, and at the core workers who needed to generate a subsistence income...Maybe we were wrong in not thinking about the harms we imposed on the city, but feeding one's family was seen as more important than beautifying the city to please 'traditional' Lima."<sup>121</sup>

Nevertheless, the incorporation of street vendors into the IU cannot be taken for granted on ideological grounds. A debate raged on the Left about street vending. Barrantes' attempts to court the informal sector vote conflicted with radical segments of the IU, which dismissed street vendors either as lumpenproletariat or entrepreneurial capitalists who lacked the class identity necessary for structural change (Cameron 1991: 301; Taylor 1990: 110).

Barrantes elevated street vendors' working identity in part for strategic reasons. Barrantes represented an electoral Left that calculated how to take power and understood the strategic importance of street vendors. While FEDEVAL only represented 50,000 street vendors in the mid-

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<sup>120</sup> Author interview with Elsie Guerrero, former director of Commercialization (*Comercialización*), Lima Metropolitan Government, Lima, Peru, June 7, 2011.

<sup>121</sup> Author interview with Guillermo Nolasco, IU city councilor (1984-87) and FEDEVAL president, Lima, Peru, November 25, 2011.



1980s, it was intended to expand the IU's representation to the city's half a million informal sector workers. Nolasco continues to explain the electoral calculation:

“Street vendors were the largest single sector workforce in the city, and the most organized through FEDEVAL...we [the leadership] were not looking for electoral exchange, but we talked with Barrantes about how the alliance would show the IU's ability to represent the most common type of worker and a broader idea of the working class.”<sup>122</sup>

With direct representation of street vendors in government, the Barrantes administration passed legislation to recognize and improve conditions for street vendors.<sup>123</sup> First, the government required street vendors to join an association to work in the streets. These associations would be represented on a sectoral commission including government officials, police, and politicians. Second, vendors would control their own behavior to reduce the harms imposed on others. Because the IU understood vending as an employment option for the poor, the government limited street vendors to the sale of merchandise worth less than \$2,675 dollars annually. Third, the legislation established provisions for social benefits to be administered by district governments. Vendors would be allowed to occupy public space in exchange for the payment of an excise tax (*sisa*). Half of the revenue generated from the tax would support health, pension, and emergency coverage for vendors (Roever 2005: 57-60). The legislation thus did not legalize street vending outright, but it provided a legal option to work as a street vendor subject to restrictions.

Enforcement of the constraints on street vendors was minimal. The city government ceased retentions of merchandise, which prevented effective control operations. Some district governments did use the new legislation to impose restrictions on where vendors could operate and how many could work in city streets. Wealthy districts, such as La Molina and San Isidro, for example, issued only a few hundred licenses and enforced the restrictions. In contrast, poor districts

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<sup>122</sup> Author interview with Guillermo Nolasco, November 25, 2011.

<sup>123</sup> The street vending regulations were passed as Metropolitan Ordinance 002, published in the official gazette, *El Peruano*, on April 17, 1985. Metropolitan ordinances apply to all districts of the city.

attracted thousands of vendors (De Soto 1989: 68-69), and their mayors, who came almost exclusively from the IU, defended street vending as a form of informal employment provision. As one IU mayor relates:

“I couldn’t touch street vendors because of Izquierda Unida and the relationship that we had with the poor. In those days, vendors were seen as poor and *this was a way to assist them, while we had little else to offer the popular sectors*. We were with the poor so there was no way that I could remove or even control vendors and ever be reelected in the district” (emphasis added).<sup>124</sup>

Weak distributive capacity made forbearance the government’s preferred policy. However, it was a second best policy for the IU for two reasons. First, Barrantes understood that his administration was a test of whether the IU could govern the city effectively (Schönwälder 2002: 119). The growing number of street vendors compromised the IU’s reputation for efficient management. Barrantes hoped to prod street vendors to control their own behavior and experimented with a variety of policy options to decongest the city center. Still, enforcement was off the table due to the IU’s commitment to the poor. As the government head of street vending issues Elsie Guerrero puts it, “The priority was social assistance and attention, not removal, so we did not invest police resources in control.”<sup>125</sup>

Second, the government viewed street vending as a temporary employment solution. Its preferred approach—to move vendors into industrial employment—required control of national policy and economic transformations. Short of taking national power, options to employ the poor were minimal.<sup>126</sup> The city budget in 1985, for example, dropped by almost half to a mere \$42

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<sup>124</sup> Author interview with Washington Ipenza, mayor (1984-87, 1999-2006), District of Villa María del Triunfo, Lima, Peru, June 18, 2011.

<sup>125</sup> Barrantes tried to reduce negative externalities by moving vendors to fairgrounds, closing off certain segments of streets to create rotating markets, and licenses to reduce entry. Author interview with Elsie Guerrero, Lima, Peru, June 7, 2011.

<sup>126</sup> Notably, revolutionary factions of the IU questioned the logic of investing in city and local government at all, given that it deflected the demands of popular sectors away from the central government and the capitalist system. Chirinos (1980) most clearly captures this debate.

million, or roughly \$8.36 per capita (Dietz 1998: 70). Barrantes recognized that forbearance toward street vending was an important way that it could offer labor alternatives to the poor at the level of city government, while awaiting the chance to make more fundamental macroeconomic changes.

The IU party platform (1986: 65-66) for city offices made this logic explicit:

“The city cannot resolve the tough problems of employment that, given their character and magnitude, correspond to other entities...Here we can develop *special initiatives at the scale of what a local government can do*. These initiatives include the sector to which we have given preferential attention: street vending. Not to eradicate street vending, as some sectors still hope...but to recognize and put value in self-employment as *a mechanism for low-income groups to improve their socioeconomic situation*” (emphasis added).

Thus, the Barrantes administration pushed as far as possible toward the incorporation of street vending as an informal employment policy. The government attempted to work with street vendors and impose conditions on the use of street vending for employment generation, but it refused to use coercive measures. Ideological commitments guided Barrantes to represent street vendors, but his alliance also represented a pragmatic electoral calculation.

The weak explanatory power of ideology can be seen in the fact that APRA also pursued forbearance, although it lacked the IU’s ideological convictions. President Alan García masterminded APRA’s transition from a centrist party to a populist movement that appealed to informal workers. As part of this strategy, García idolized street vendors, calling them the “symbolic expression of Peru’s impoverishment.”<sup>127</sup> APRA’s mayoral candidate, Jorge Del Castillo, rode on García’s coattails to win election against Barrantes. Polls show that the urban poor preferred Barrantes by a narrow margin (46.8 to 42.7 percent). This split reflects APRA’s offers of tangible material benefits through its links with the national government (Dietz 1998: 213), and the tension between poor voters with ideological and instrumental orientations toward politics (Stokes 1991).

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<sup>127</sup> “Fujimori se perfila como vencedor en las elecciones peruanas, según los sondeos,” *El País*, 6 Apr 1995.

Del Castillo proposed to “manage” street vending through many of the same tactics proposed by Barrantes. But he also offered substitutive social policies through temporary job creation programs.<sup>128</sup> Ties to a spendthrift national government made the promise credible. Enrollment in temporary employment programs run by the national government surged just prior to city elections (Graham 1991: 104).

Nonetheless, APRA’s plan to crowd out street vending through social policy substitutes was short-lived. Temporary employment and social assistance programs folded in 1986, as resources dried up and García’s heterodox reforms resulted in economic tumult (Dietz 1998: 56). Underemployment shot up from 35 percent in 1985 to 81 percent in 1990 (Crabtree 1992; Glewwe and Gillette 1992). Social expenditures stood at 21 percent of their 1980 values, or just \$12 per capita (Graham 1994: 92). The government had no response to the poor’s distributive demands.

In the absence of other social policy options, enforcement would have devastated APRA’s claims to represent marginalized groups. City officials describe allowing the poor to work as street vendors during the economic crisis as a “moral imperative.”<sup>129</sup> The number of street vendors swelled. According to city officials, the number of vendors tripled to reach 300,000 in 1990 (Guerrero 1992: 3).

These sketches illustrate how elected mayors used forbearance to seek the electoral support of informal sector poor voters. Due to high levels of social affinity with street vendors, mayors

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<sup>128</sup> García implemented a temporary jobs program that hired the urban poor to collect trash and build public works on three-month contracts, the Temporary Employment Assistance Program (*Programa de Apoyo de Ingreso Temporal*, PAIT). Another measure to create jobs temporarily lifted labor law restrictions to allow firms to hire workers on temporary contracts. For those who considered street vending as their primary occupation, García promoted credit access through a new lending authority, the Institute for Informal Sector Development (*Instituto de Desarrollo para el Sector Informal*, Indesi). The PAIT program, in particular, was manipulated to build political support. The poor (rightly) came to believe that the allocation of PAIT jobs depended on political loyalty (Graham 1991). APRA’s patronage tactics seemed to succeed in building professed loyalty: party identification with APRA peaked at 53 percent in 1986 (Seawright 2012: 93).

<sup>129</sup> Author interview with former sub-director of Commercialization (1986-87), May 23, 2011.

would have lost votes among poor core constituents and undermined the electoral projects that they represented. While ideology in part shaped Barrantes' enforcement decisions, it also was the strategy of a vote-seeking mayor. Continued forbearance under a populist government shows how an electoral logic provides greater analytic leverage to understand enforcement than ideology alone. The next section reinforces the point by illustrating how forbearance has been used to build support among the poor by the neoliberal Right.

#### 4.2 *Political Outsiders and Weak Enforcement*

This section first traces how the rise of neoliberal proposals for the informal sector—rooted in slashing state bureaucracy—led to new linkage strategies for politicians to court street vendors in the 1990s. By neoliberal, broadly speaking, I mean an approach that rejects rent-seeking behavior and advocates subjecting economic agents to the competitive logic of the marketplace. More specifically, the neoliberal proposal for street vending was to reduce barriers to small business registration, such that vendors would voluntarily shift out of city streets. No enforcement would be required. The second part shows how forbearance, rooted in neoliberal ideas, helped mobilize street vendors in the campaigns of political outsiders like Ricardo Belmont and Alberto Fujimori. Third, I suggest that the growing negative externalities from street vending along with an emphasis their hidden wealth reduced social sympathy for street vendors.

##### 4.2.1 *The Rise of the Neoliberal Right*

The neoliberal Right played a central role in recasting street vending as a regulatory issue in Peru. Hernando De Soto and Enrique Ghersi's book on informality, *The Other Path*, was taken as a manifesto for the Peruvian neoliberal Right.<sup>130</sup> The specific analysis of street vending is that it results

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<sup>130</sup> For example, see Javier Iguñiz, "El manifiesto neoconservador peruano," *Quehacer*, Dec 1986-Jan 1987, No. 44: 42-48; Alberto Flórez Galindo, "Los caballos de los conquistadores, otra vez," *Tiempo de Plagas*. El Caballo Rojo, 1988; Agustín Cueva, "El 'sendero' de la nueva derecha: un modelo para desarmar," *Las democracias restringidas de América Latina* (Quinto, Planeta, 1988).

from cumbersome laws passed by a “mercantilist” business class. Enforcement is futile. It also is counterproductive because it stymies economic activity; street vendors are capitalists creatively responding to their business environment. The book concludes, “If, instead of overregulating the street vendors, the authorities had removed the obstacles to their activities and made it easier for them to form business organizations and obtain formal credit so that they could build more markets, by 1993 all of today’s street vendors would be off the streets” (De Soto and Gherzi 1989: 240). Less state intervention, which could be achieved by booting out an “oligarchic” political class, thus would lead vendors to abandon city streets organically to open businesses.

More broadly, the Peruvian brand of neoliberalism recast class conflict as the informal sector poor aimed against all groups that specialize in extracting resources or beneficial regulations from the state.<sup>131</sup> In electoral terms, it proposed exactly what the radical Left had feared: it positioned informal sector workers as part of a broadly defined capitalist class.<sup>132</sup> The neoliberal Right thus offered a proscription for a popular Right party that could follow the “other path” of appealing to the informal sector workers who made up the majority of Peru’s workforce, rather than the type of crony capitalism represented by García’s alliance with business elites.

However, while neoliberalism offered a proscription for a popular Right party, it also railed against the traditional elites who would be its ideological allies. The neoliberal Right attempted to build a political party spearheaded by the novelist Mario Vargas Llosa. But it aligned with Peru’s traditional Right to form a coalition, the Democratic Front (*Frente Democrático*, Fredemo) in 1989.

The choice resulted in “brand dilution” to use Lupu’s (2013) term for inconsistent or shifting

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<sup>131</sup> As De Soto wrote in the introduction, “The principal dividing line is a vertical frontier, on one side of which are politicians, bureaucrats, and businessmen who profit and live off the government’s favor and on the other side of which are legal and extralegal producers who are excluded from favor” (De Soto and Gherzi 1989: xix).

<sup>132</sup> IU leader Rolando Breña, for instance, explained that neoliberalism constituted an ideological defeat of the Peruvian Left because “from the small business owner to the street vendor, all of them were made businessmen” (Adrianzen 2012: 269).

positions that serve to undermine voter attachments.<sup>133</sup> Neoliberals lost their claim to represent the urban informal poor when they allied with the same traditional politicians that De Soto and Ghersi decried as at the heart of Peru's problems. The party building project failed. Instead, several political outsiders cherry-picked from the neoliberal Right's project to attract the informal sector poor's vote.

#### 4.2.2 *Political Outsiders: Forbearance Under Belmont and Fujimori (1990-95)*

Politicians converged on the neoliberal Right's platform in the 1989 city election. Fredemo ran its own candidate who came from the provinces and was thought to appeal to recent migrants, Juan Incáustegui. The Fredemo platform offered to reduce barriers to help informal workers start businesses and access credit. The victory of Ricardo Belmont, a popular television personality with no political experience, was a harbinger for Peru's collapsing party system. Belmont admitted that he shared many ideas with Fredemo, such as support for free enterprise and streamlined bureaucracy for informal sector workers. He only opposed "the parties that are all burned out" that had allied with Fredemo (Vargas Llosa 2011: 73-74). Belmont created his own "independent movement" called *Obras* (Works) with a simple platform: to build infrastructure in the city. Neither candidate discussed enforcement against street vendors.

The main difference between the mayoral candidates came in the sociological ways that they related to informal sector voters. Incáustegui was a former AP minister and easily pegged as part of the political establishment. Belmont staked his campaign on a rejection of elites, spoke in popular slang, and, in spite of his television presence, made extensive personal visits to street vendors and

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<sup>133</sup> Another interpretation is that Vargas Llosa erred in making an alliance with the neoliberal Right, rather than forming a centrist party of business elites under a new banner. Business sectors had hitched their fate to APRA in the 1980s. When García nationalized Peru's banks in 1987, private business breaks with the government and sees the need to enter politics *directly* to represent their interests. Business elites viewed the Right's future as a center or center right party rooted in competent management and antistatist economic policies (Durand 1990). It is possible that this moderate formula would have succeeded. Seawright (2012: 116), for example, argues that Fredemo's main error was its spatial placement on the far right, which left many center and center right voters unrepresented.

informal settlements (Vargas Llosa 2011: 73-74). Consistent with these differences in style, Fredemo maintained relatively narrow support among upper-class voters who identified as conservatives (Cameron 1991a: 85). Belmont fared well among the poor. He drew stronger support from lower-class voters (55 percent) than among the middle-income groups (28 percent), and secured the same anti-party vote that would take Fujimori to power the following year.<sup>134</sup>

In the case of Belmont, how to classify his enforcement policy depends on the answer to the counterfactual: what would have happened if resources *were* available? Belmont had limited administrative capacity to enforce against street vendors. An estimated 1700 new vendors took to the Lima streets each month in the early 1990s. Only 11 percent of the population had adequate employment (Webb and Fernández Baca 1999). The country's economic situation aside, the Lima city government was bankrupt. In 1993, Fujimori passed a decree that emasculated municipal governments in order to reduce the power of the mayor of Lima (Delgado Silva 1994).<sup>135</sup> By some calculations, the decree starved Lima of 80 percent of its tax income (Tanaka 2002: 13). The cuts decimated Belmont's ability to execute public works, pay city employees, and provide basic services. Only three hundred city police controlled all of Lima's downtown.<sup>136</sup>

Nonetheless, three observations suggest that it was unlikely that Belmont wanted to enforce against street vendors. First, if resources were the major constraint, we would expect a discontinuity with the 1993 budget cuts. Yet, the government made little enforcement effort pre- or post-decree. Second, reports suggest that Belmont actively obstructed even "essential" actions to control street vendors. The National Civil Defense Institute (*Instituto Nacional de Defensa Civil*, Indeci), which

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<sup>134</sup> Ecological correlations at the district level suggest that the overlap in votes for Belmont and Fujimori was very high at 0.72 (Seawright 2012: 138-139).

<sup>135</sup> Belmont was viewed as one of Fujimori's major competitors for the presidency in 1995. By the end of 1994, Belmont was floundering politically due to the austerity measures, and Belmont would only win 2.7 percent of the presidential vote.

<sup>136</sup> "Se necesitan más policías ediles para controlar a tricicleros," *El Comercio* 17 March 1994.



assesses public risks, ordered the government to control street vending in select areas that had become so congested that they generated fire and emergency hazards. But the Belmont administration provided no police support when Indeci attempted to undertake operations. The Indeci director lamented that, “the mayor of Lima does not care about genuinely solving the problem” and proposed an independent commission to circumvent the *political* obstacles to enforcement.<sup>137</sup> Third, officials in the Belmont administration understood street vending as a structural problem and worried that enforcement would alienate poor constituents. The employment situation meant that it would have been “social and political suicide to take any stronger actions,” according to one city councilor.<sup>138</sup> Belmont preferred to reduce the costs to the public through relocation projects.<sup>139</sup> As the head of street vending affairs summed up the government’s position, “We are solving the consequences of the problem of street vending through reordering and relocation [of street vendors] in campgrounds; but *this does not attack the cause which is the inexistence of industrial policy to increase employment*” (emphasis added).<sup>140</sup> These facts smack of political choices to withhold what little enforcement capacity existed in the city.

The presidential election of Alberto Fujimori in 1990 brought even clearer promises of forbearance toward street vendors. Fujimori made distinct promises to vendors rooted in

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<sup>137</sup> See, “Urge el reordenamiento de ambulantes en Mercado Castilla,” *El Comercio* 26 Sept 1995; “La Parada afronta descontrolado aumento de vendedores informales,” *El Comercio* 19 Aug 1994; “Estéril result esfuerzo por reordenar informales en el ex Mercado Central,” *El Comercio* 22 Sept 1994; “Por falta de apoyo fracasó el reordenamiento del Mercado Central,” *El Comercio* 26 Oct 1994.

<sup>138</sup> “Municipio de Lima iniciará recuperación de ‘Las Malvinas’,” *El Comercio*, 19 Mar 1994. Also see, “Reordenarán a los ambulantes que están en alrededores de sede de la Fiscalía,” *El Comercio*, 5 April 1994.

<sup>139</sup> The government announced a large-scale effort to relocate 40,000 vendors and provide credit, but relocation projects affected less than 2,000 vendors. “Reordenarán a 40 mil ambulantes del centro,” *El Comercio*, 22 July 1994; “En 90 días se iniciará estudios para traslado de informales del Centro,” *El Comercio* 20 Aug 1994. “Municipio de Lima iniciará recuperación de ‘Las Malvinas’,” *El Comercio*, 19 March 1994.

<sup>140</sup> “En el centro hay unos 60 mil ambulantes,” *El Comercio* 17 Jun 1994.

forbearance, and even legalization, going beyond neoliberal promises of cuts to state bureaucracy.

Street vending leaders organically offered their support to Fujimori due to his promise of forbearance and social support, as Nolasco describes:

“Around fifty vending association leaders went to Fujimori’s house during the campaign. He didn’t pay the leaders or even offer personal benefits like jobs like [Fredemo]. Instead, he made an offer to the group. Fujimori offered to develop a bank for low-interest loans, medical insurance, and to let us work in the street...*All along the agreement was that he would let us work in the street but also expand the benefits that the state offered us*” (emphasis added).<sup>141</sup>

Fujimori won by a large margin with a lower-class support gradient based on his rejection of economic austerity, antiparty rhetoric, and elevation of informal sector interests. He took more than 75 percent of the vote in Lima’s poorest districts in the second round (Panfichi 1997: 228). Anti-elite rhetoric gave rise to an electorally successful form of “neopopulism” (Roberts 1995; Weyland 1996), but what is less recognized is that Fujimori mobilized his support among informal sector workers through direct promises of forbearance and ground campaigning in informal markets. Vargas Llosa, despite promises to support the informal sector, became associated with upper-class interests. In a post-election poll, 46 percent of poor respondents opposed Vargas Llosa because he “represented the interests of the rich,” while only 17 percent attributed their opposition to his “right-wing ideas” (Apoyo June 1990).

Fujimori moved to support vendors’ interests in office in his early years. He passed a decree that recognized street vendors as “autonomous workers,”<sup>142</sup> reaffirmed a constitutional right to work, and described street vending as a “social reality generated by the economic crisis that the

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<sup>141</sup> Author interview with Guillermo Nolasco, FEDEVAL head and former city councilor, Municipality of Lima, Lima, Peru, November 25, 2011.

<sup>142</sup> Supreme Decree 005-91-TR, published in *El Peruano* 26 Jan 1991. Fujimori also convened the first national conference of street vendors (*Primer Congreso de Vendedores Ambulantes*).

country had suffered for several years.”<sup>143</sup> Perhaps most critically, the decree prohibited decommissions of merchandise and therefore removed tools to control vending from city authorities.<sup>144</sup> The catch was that it suspended decommissions based on a corresponding law that would establish alternative regulations. The accompanying law never passed. Whether city officials could enforce thus was left open. While Fujimori dropped the vending project, his defense of street vendors would resurge when politically expedient, as I show below.

#### 4.2.3 *Shifting Mass Preferences*

More than a decade of forbearance produced changes in the nature of street vending that expanded the constituency in favor of enforcement. First, vendors in central city areas became wealthier in absolute and comparative terms in the 1990s. The absolute lack of state control under Belmont and Del Castillo—combined with economic liberalization that allowed street vendors to market tax-free goods—helped some street vendors to flourish. Officials love to use the maxim, “In a choppy river, the fisherman benefits,” to describe how vendors leveraged the state’s absence for profit. No systematic studies exist, but surveys of central marketplaces showed that street vendors earned several times the minimum wage.<sup>145</sup> Newspapers honed in on vendors’ wealth, claiming that some vendors kept street stores as large as houses or owned storefronts as well as stands.<sup>146</sup> Rather than a paradigm of the free market, reports emphasized informal barriers to entry that prevented vending from assisting the “deserving” poor. Exploitative intermediaries (“mafias”) allegedly

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<sup>143</sup> For examples of the decree’s use by vendors, see “Ambulantes consideran que pago de ‘sis’a’ les da derecho a trabajar en la vía pública,” *El Comercio* 5 March 1995; “Comerciantes se defienden,” *La República* 24 June 1995.

<sup>144</sup> Municipal law expert Alberto Velarde Yáñez notes that the decree undermined the Lima city government’s ability to control street vendors: “Municipalities could sanction street vendors with

<sup>145</sup> Vendors on the urban periphery likely earned less, but were not the targets of the city government’s enforcement campaign.

<sup>146</sup> “Hay que contener a los ambulantes,” *El Comercio* 7 Jun 1995; “El 60% de los desalojados posee tiendas,” *El Comercio* 19 Feb 1999.

charged vendors \$35 in monthly rent.<sup>147</sup> Even street vending associations admit that the profile of a street vendor changed and turned the public against forbearance:

“The social consensus in the 1980s was that street vendors were a product of the economic crisis and internal migration, and that they were people who sought to work before becoming criminals...Attitudes toward street vendors change in the 1990s *because of street vendors’ own development and accumulation* due to the stability and permissiveness of the authorities.”<sup>148</sup>

Beyond changes in street vendors’ material conditions, the negative externalities of their activities grew. In particular, street vendors extended from sidewalks into the main downtown streets. The congestion became the subject of intense complaint, as can be seen systematically with the uptick in unsympathetic articles about vendors in Figure 4.3. The proliferation of vendors was declared an “invasion,” “avalanche,” “asphyxiation,” and “street vendor-itis.”<sup>149</sup> Street vendors were judged a threat to the state’s broader ability to impose authority. Headlines, for example, asked, “Who governs this city?” and pointed to state absence, “Where authority is the only one who doesn’t have a place,” and “No man’s land.”<sup>150</sup>

The point that I want to underscore is that middle-class opposition to street vending intensified. It became a subject of immense frustration and limited social solidarity. These shifts changed politicians’ electoral incentives to propose enforcement by expanding the constituency that could be mobilized in favor of police actions.

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<sup>147</sup> In La Parada, the price was reported as 150 soles each month for a 1 to 6 meter square stand; in Garmarra the price was 120 soles. “Alto! La Parada no va más...sus días están contados,” *El Comercio* 21 April 1999; “Desalojados benden pistas y veredas de Jr. América,” *El Comercio* 23 Mar 1999.

<sup>148</sup> Author interview with Guillermo Nolasco, November 25, 2011.

<sup>149</sup> “Ambulantes invaden la Plaza Grau,” *El Comercio* 20 Aug 1994; “Más de 500 ambulantes invaden pistas, veredas y áreas verdes en Chosica,” *El Comercio* 26 Sept 1994; “La Parada afronta descontrolado aumento de vendedores informales,” *El Comercio* 19 Aug 1994; “Estéril result esfuerzo por reordenar informales en el ex Mercado Central,” *El Comercio* 22 Sept 1994; “Comerciantes informales están ‘asfixiando’ Lima,” *El Comercio* 12 Sept 1989; “Lima enferma de ‘ambulantitis,’ *El Comercio* 5 Dec 1994.

<sup>150</sup> “¿Quién manda en esta ciudad?” *El Comercio* 22 Aug 1994; “Puestos callejeros bloquean avenidas Caquetá y Zarumilla,” *El Comercio* 5 Nov 1995.

#### 4.3 *Upper Class Core Constituencies and Enforcement*

Enforcement occurred at an unlikely political moment in Lima, according to conventional theories. Institutions were depleted. And the national government opposed enforcement and withheld police resources. Nonetheless, Mayor Alberto Andrade managed to unite a core constituency of middle and lower-middle class voters in favor of enforcement. Nonpoor voters had come to resent street vendors' wealth and their associated disorder, and Andrade managed to build support among some lower-class groups by differentiating street vendors from the common poor. That enforcement did not bring with it accusations of Andrade's anti-poor politics—while similar policies unleashed powerful class polarization in Bogotá under Peñalosa—is consistent with my thesis that electoral decentralization reduced the electoral costs of enforcement. This section first describes Andrade's enforcement policy, and then Fujimori's attempts to undercut it.

##### 4.3.1 *The Conservative Right: Enforcement Under Andrade (1996-2002)*

In 1995, voters elected Andrade, a three-time mayor of the affluent Miraflores district, as city mayor. He had earned a reputation for modern management principles and control of street vending. In Miraflores, Andrade had created a local police force to remove street vendors. Conditions to extend an enforcement policy and win citywide elections were not favorable, however. While the official unemployment rate was only 7.1 percent, underemployment was estimated at 47 percent. More than half the city was poor (INEI 1997). Miraflores did not reflect the demographic composition of the Lima electorate. Moreover, as a white businessman and a longtime member of the PPC, Andrade easily could be pinned as part of Lima's traditional elite that voters had rejected in past election cycles.

Andrade's campaign recognized the need to expand his political appeal. The challenge would be to capture the lower-middle class vote. Class groups in Lima, as in many other places, are ranked alphabetically, where "A" is the highest class and "E" is the lowest class. Campaign

strategists calculated that Andrade would need to capture part of class “C,” or the lower-middle class to win. Andrade planned to appeal to lower-middle class voters who suffered some of the negative externalities of vending and preferred orderly management of the city. As one of his advisors put it, “In Miraflores, the public clearly wanted to remove vendors who took over their streets and did not live in the district. But in metropolitan Lima, the public was divided: about half wanted an end to the disorder, and another half lived off the chaos...we needed to make sure that Class C voted for their frustration and not for social sympathy with vendors.”<sup>151</sup>

While public opinion had begun to shift in favor of enforcement, Andrade deliberately tried to coax voters to favor enforcement. Much like Peñalosa, Andrade used popular appeals rooted in urban subnationalism, law and order, and state authority. First, Andrade cultivated support based on appeals to urban pride. Although a longtime member of the PPC, Andrade detected the antiparty mood and created an independent political movement, *Somos Lima* (We are Lima). The name was intended to emphasize that Andrade represented a collective interest in restoring order against a minority that benefitted from the city’s deterioration. Andrade spoke of the recovery and “rebirth” of Lima’s historic center as a symbol of Peru’s greatness (Ronda 2000: 91). A *Somos Lima* district mayor, Blanca Beltrán, for instance, called enforcement against street vendors, “a battle for superior interests, those of Lima as the face to the world.”<sup>152</sup> Street vendors damaged Lima’s image, and thus had to be removed.

Second, to expand his electoral appeal, Andrade separated the “common” poor from street vendors who violated property laws. As Andrade’s advisor put it, “The first political question we asked ourselves was how do you convince the public that street vending is a problem of “property,” rather than social injustice? The argument that vending helped the poor was very strong in the city,

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<sup>151</sup> Author interview with Oswaldo Carpio Villegas, June 1, 2011.

<sup>152</sup> Statement by Blanca Beltrán Salazar, Mayor of Pueblo Libre. Reprinted in “La opinión de los alcaldes,” *El Comercio*, 23 Jul 1996.

so we tried to show that vending didn't really help the poor. It was exploitation."<sup>153</sup> Andrade distinguished between what he labeled "true" street vendors, or those who walk through the city to earn subsistence income, and "speculating" street vendors that "only harm the city and have to go."<sup>154</sup> In some ways, this distinction drew on the same neoliberal arguments that vendors were capitalists, or as Andrade described in a speech: "One has to remember that these vendors for more than 15 years have occupied a public space, that belongs to all citizens, and after these 15 years, they no longer are little poor street vendors that walk with their little box selling gum and chocolate. These are people with capital that can easily incorporate themselves into the formal sector."<sup>155</sup> However, Andrade did not subscribe to the neoliberal Right's policy prescription that the state should extricate itself from commercial regulation to reduce street vending. Neoliberals promised to simplify the law and justified the poor's past legal violations as a creative response to bureaucracy. Andrade believed that vendors violated legitimate city regulations.<sup>156</sup> Hence, he favored enforcement, not regulatory dilution. His platform was simple: "To clean up the city and make it orderly we need an authority that makes people follow the law."<sup>157</sup>

The final related piece of Andrade's campaign was a focus on the reconstruction of state authority. Beyond a threat to property, Andrade viewed street vending as a visible manifestation of the state's loss of power. As Andrade made clear in the mayoral debate, he proposed to impose order after past forbearance: "There is a generalized crisis and authority has been supremely deteriorated for more than 20 years; here everyone does what they want, and that is not governing.

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<sup>153</sup> Author interview with Oswaldo Carpio Villegas, June 1, 2011.

<sup>154</sup> "Comercio informal solo perjudicia a la ciudad," *El Comercio* 6 Mar 1996.

<sup>155</sup> "Habían sido notificados y no cumplieron, explicó Andrade," *El Comercio* 27 Nov 1996.

<sup>156</sup> For example, Andrade explained that, "There will be no reordering or relocation possible because [street vendors] work on public streets violating all municipal laws." "Comercio informal solo perjudicia a la ciudad," *El Comercio* 6 Mar 1996.

<sup>157</sup> "Entrevista de Alberto Andrade," *Caretas* 4 May 1995, p.14.

Without leadership and conviction, it is impossible to impose order.”<sup>158</sup> Vendors’ wealth and criminality justified a hard line, and Andrade proposed an authoritative approach. Unlike past mayors who advocated the “reordering” (*reordenamiento*) of street vendors, Andrade used strong terms to describe his enforcement actions. He proposed “eradication,” “liberation,” and “clean-ups.” The need to exert authority trumped all social claims of poverty and employment demands because it lay at the heart of statehood, and welfare needs were the responsibility of the national government. For example, as the Somos Lima mayor of the district of San Isidro put it:

“It is necessary to use state presence to save the city. If [recovery operations] do not give results, we will see a city in chaos, *because the principle of authority will disappear*, and who will fail? It will be *the image of the country, because this is Lima*. Informal workers need to be oriented and trained, given the skills so they can compete. But this is the role of the Peruvian state.”<sup>159</sup>

Andrade thus made classic conservative appeals to preserve authority, and downplayed the social consequences. He ran against the government-backed candidate, Jaime Yoshiyama, who was widely considered Fujimori’s first choice as his successor. Yoshiyama’s campaign tried to portray Andrade as “the mayor of the rich,” who viewed vendors as criminals and planned to increase unemployment.<sup>160</sup> Instead, Yoshiyama proposed that, “the solution is to work hand in hand with [street vendors], to come to agreements. It is not necessary to have a paternalistic attitude.”<sup>161</sup> Vending associations tended to back Yoshiyama due to his promises of support, but with little

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<sup>158</sup> “Dos propuestas para un problema: Lima,” *El Comercio* 22 Oct 1995.

<sup>159</sup> Statement by Ramón Gastón Barúa Lecaros, Mayor of San Isidro. “La opinión de los alcaldes,” *El Comercio*, 23 July 1996.

<sup>160</sup> There was some truth in their claims of Andrade’s paternalistic view of vendors. Andrade often spoke of vendors in a condescending fashion where he insisted that reordering would be for their own good. For example, he would say that operations against street vendors are “not something that one does, sadly, with love, shooing them: ‘move away from here, child.’ This has to be done with a little push, because if not, [street vendors] will never leave.” “Habían sido notificados y no cumplieron, explicó Andrade,” *El Comercio* 27 Nov 1996.

<sup>161</sup> “Dos propuestas para un problema: Lima,” *El Comercio* 22 Oct 1995.



enthusiasm. The economic shock, labor code reforms, and emphasis on small businesses led many street vending associations to doubt *Fujimoristas'* commitment to the sector.<sup>162</sup>

The electorate divided along class lines. While Yoshiyama fared well among the urban poor, Andrade captured the middle-class vote and sufficient support among lower-middle class voters to win. Local mayoral results confirm the class divisions: Somos Lima mayors won in all but one middle-class district, while Fujimori's party (Cambio 90-Nueva Mayoría, NM) took all but one poor district.<sup>163</sup>

In line with the preferences of nonpoor core constituents, Andrade pursued a clear enforcement policy that included major operations and continuous control actions. The city carried out more than twenty large-scale operations in the historic center of Lima between 1996 and 1999, each involving between 90 to 1200 police officers (Egusquiza 2000). By 1997, the government claimed that it had removed 20,000 street vendors just from the historic center; it assisted in the relocation of 8,000 vendors to nearby projects, although it did not pay for the relocation.<sup>164</sup> To maintain control, Andrade reinterpreted national laws to permit decommission of merchandise from vendors who do not comply with city regulations.<sup>165</sup> The government also expanded the

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<sup>162</sup> Author interviews with Guillermo Nolasco, November 25, 2011; Manuel Sulca, FEDEVAL, June 8, 2011; Gloria Norma Solorzano, Red de las Mujeres, May 16, 2011.

<sup>163</sup> The exceptions were one upper income district (San Borja) that elected an independent, Luisa María Cuculiza Torre, and one lower-income district (Villa El Salvador) that elected a long-time community leader, Michel Azcueta, who represented Somos Lima.

<sup>164</sup> Although designed ex-post, the Andrade administration did work to relocate vendors. In 1997, Andrade announced tax incentives, government coordination, and financial intermediary services for vendors. The motivations were twofold. First, the sustainability of vending evictions was perceived to depend on moving vendors into other storefronts. Second, the combination of economic crisis and the wealth of vendors in the city center created auspicious conditions to formalize them. Businesses that went bankrupt left behind empty warehouses that were ideal and cheap for commercial relocation projects. Nonetheless, the government insisted that enforcement would proceed whether or not vendors managed to find relocate spots. Major projects to repave sidewalks, add trees, and clean surrounding building facades also helped guarantee that street vendors did not retake recovered areas and stayed in their new commercial projects.

<sup>165</sup> "Comuna limeña sí puede decomisar," *El Comercio* 23 Feb 1996.

metropolitan police force from two hundred to a thousand agents. The city police known as the “Blue Helmets” (*Cascos Azules*) took charge of preventing street vending through decommission of merchandise and patrols.<sup>166</sup> Police presence and decommissions made enforcement a continued policy of the administration.

Civil society offered a weak defense of street vendors, particularly compared to Colombia. Labor unions, which had been decimated during the economic crisis and focused on formal sector workers, offered minimal support.<sup>167</sup> Evicted vendors appealed to the courts to protect their right to work, but their claims were declared unfounded (Aliaga Linares 2012: 39). The National Confederation of Vending Organizations (*Confederación Nacional de Trabajadores Ambulantes del Perú*, Conatap) presented an alternative legislative project to legalize vending and create processes to formalize vendors, such as expropriation of land and state-funded construction of commercial centers.<sup>168</sup> It went nowhere. No coherent political party on the Left existed to offer a defense of street vendors.<sup>169</sup> As I return to below, the main defender of street vendors proved to be *Fujimorismo*.

Andrade won reelection in 1998, again drawing more heavily on the support of lower and lower-middle class voters. Andrade’s party—renamed *Somos Perú* (We are Peru) in anticipation of his

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<sup>166</sup> “Policías ediles sólo son preparados para la defensa,” *El Comercio* 26 Mar 1997.

<sup>167</sup> Peru’s largest labor confederation during the period, the Peruvian Workers’ Confederation (*Confederación de Trabajadores Peruanos*, CTP) was notably absent from street vending issues. CTP historically was affiliated with APRA and focused on formal sector workers. Peru’s other labor confederation, the Unitary Confederation of Workers, (*Confederación Unitaria de Trabajadores del Perú*, CUT) circulated fliers that denounced Andrade “for trying to resolve a social problem in an irrational and inhumane manner, with clubs, arms, etc.” (Roever 2005: 125).

<sup>168</sup> “Ambulantes piden ley para regularizar comercio callejero,” *El Comercio* 11 Mar 1997.

<sup>169</sup> The remnants of the Left also divided about how to react to street vendors. A faction of the former IU, led by Nolasco, continued to argue that the government should allow street vendors to work, and manage the harms they imposed. But another faction shared the views of the post-materialist Left and came to believe that a policy of forbearance was misguided if the goal was social equality. For example, one of Barrantes’ close allies, Elsie Guerrero, entered the Andrade government as the head of street vending affairs.

presidential bid—again won almost every upper income district in the city and only a handful of poor districts.<sup>170</sup> Much of the public gave Andrade high marks for restoring order to the city center, but opinions about enforcement divided on class lines. Roughly a third of low-income voters said that they did not support Andrade’s reelection because he “has been abusive with street vendors” and “does not care about the poor.” Only 5 percent of upper-class voters shared these beliefs.<sup>171</sup>

Class divisions also were reflected in the adoption of enforcement policies by district governments. Mayors in middle-income districts removed street vendors in tandem with Andrade. Of 22 middle and mixed-income districts in the city, 20 undertook major enforcement actions. Most of these mayors represented Somos Peru and viewed enforcement as a central dimension of the party’s program. In these districts, mayors believed that they had a popular mandate to evict vendors. In the middle-class district of Jesús María, for example, Mayor Francisca Izquierdo said she enforced to reflect her constituents’ preferences: “I have been chosen to put order and recover the city, not to make the street vendors happy or those who infringe the law, which is what voters consider to be correct.”<sup>172</sup> In middle-income districts, enforcement had low electoral costs because residents demanded vendors’ exit and vendors voted in other districts.

In contrast, poor districts in the city pursued less consistent enforcement policies. Of fourteen majority poor districts, I could establish that only two undertook enforcement

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<sup>170</sup> Ironically, the only exception among upper class districts was Miraflores where Andrade’s brother, Fernando, lost to Luis Bedoya of the PCC. Poor districts that supported Andrade included Ate, Comas, Villa El Salvador, and Villa María del Triunfo.

<sup>171</sup> APOYO, “Porqué razones no votaría por Alberto Andrade?” Nov 2002. For all class groups, and particularly the wealthy, the main opposition to Andrade came from the fact that he had been in power for too long. When asked why they did not support Andrade’s reelection in 2002, 70 percent of upper class voters emphasized that “the city needed a change” or that Andrade “spent too much time” as mayor. Around 40 percent of lower class voters agreed.

<sup>172</sup> “Reordenarán a ambulantes en Jesús María,” *El Comercio* 24 Apr 1996.

operations.<sup>173</sup> Even mayors who attempted enforcement voiced frustration that their electorates did not support continued efforts. For instance, the previous chapter mentioned the case of a respected community leader, Michel Azcueta, who was elected mayor in Villa El Salvador. Azcueta joined Somos Lima in 1995, and promoted a vision of urban planning that distinguished Villa El Salvador from other popular districts in Lima. He attempted to remove street vendors and enforce regulations, but the effort (much like his position toward squatters) ended in electoral defeat:

“I tried to relocate vendors from central areas, but they just went to other streets and that was the end of the effort because the police weren’t going to keep repressing everywhere. The thing is that public opinion in Villa El Salvador does not pressure for any change. I tried to control street vending but that doesn’t win votes...there’s a lack of effort to address the issue because completely irresponsible mayors [who tolerate vendors] gain a lot of popular support”<sup>174</sup>

Azcqueta was an exception: most poor districts did not elect Somos Peru mayors and favored forbearance. District demographics tended to be more important than party in determining enforcement policy. Where Cambio 90-NM mayors governed middle-class districts, they also enforced. The most notable example is the mayor of the district San Martín de Porres, Javier Kanashiro, who undertook several major enforcement actions, despite his ties to Fujimori.<sup>175</sup> Most Somos Peru mayors in poor districts pursued forbearance in line with their electorate’s preferences. For example, Mayor Paulo Hinostroza justifies his policy of forbearance in a poor district, even though he represented Somos Peru, by his district’s demographic composition:

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<sup>173</sup> These districts include Ate and Villa El Salvador. Comas also seems to have done some smaller actions in response to neighbors’ complaints, but I could not determine the policy of the local mayor. Both Ate and Villa El Salvador had elected mayors with long trajectories within the districts, who then joined Somos Lima and convinced poor voters that the long-term development of the community required greater enforcement. Some poor districts did try to rearrange street vendors while leaving them in the street, thus a more mild form of “reordering” (*reordenamiento*).

<sup>174</sup> Author interview with Michel Azcueta, Mayor of Villa El Salvador, June 6, 2011.

<sup>175</sup> Unlike other mayors, Kanashiro did allow vendors to remain in city streets until they completed the purchase of a project, which went through several delays. See, “Rebuciación de informales de Caquetá y Zarumilla sufrió un nuevo retraso,” *El Comercio* 18 Aug 1996; “No se reubicó a informales que ocupan avenida Zarumilla,” *El Comercio* 2 Jul 1996; “Comerciantes de Caquetá compraron terreno en la Panamericana Norte,” *El Comercio*, 8 Mar 1996.

“I didn’t receive any advice from Andrade about what to do with street vendors, although obviously I knew what he had done in the Lima center. I didn’t want to fight vendors because this is a poor district and street vending is an honorable profession, and good jobs are hard to come by in this country... if you try too much to impose order, vendors threaten with marches and spread bad rumors, and they have a lot of force because they are a huge group. Both disorder and order have support in this district and you can’t make both groups happy.”<sup>176</sup>

In sum, there are several noteworthy features about the Andrade period. First, the mere election of Andrade was remarkable, and is best explained by shifts in electoral preferences. Andrade was a white, conservative, uncharismatic politician elected at a time when the public clearly had rejected traditional elites. But he rightly calculated that he could extend his appeal among lower-middle class voters by reframing his enforcement platform around the promotion of authority, property rights, and urban identity, not an attack on the poor. Second, the main legacy of Andrade’s administration was a generalized perception that street vending *could* be controlled at least in the city center. Urban political decentralization, however, allowed local districts to continue to pursue forbearance and absorb displaced vendors. Much of the debate over social obligations to vendors thus shifted to poor districts where vendors lived and voted. Poor districts continued to forbear and defend a structural view of street vending. The final key point, which I turn to next, is that Andrade’s enforcement efforts occurred under active opposition from the national government.

#### 4.3.2 *Presidential Intervention Under Fujimori (1996-1999)*

Although Andrade was far from a consistent opponent of the Fujimori regime, he emerged as one of Fujimori’s few political challengers.<sup>177</sup> Andrade’s popularity ratings exceeded those of

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<sup>176</sup> Author interview with Paulo Hinostroza, Mayor (2003-2006), District of San Juan de Miraflores, Lima, Peru, June 24, 2011.

<sup>177</sup> During Andrade’s first term as mayor, he avoided taking positions on national issues, particularly related to the protection of Peru’s democracy (Levitsky and Cameron 2003: 11).

Fujimori throughout the mid-1990s and made him an electoral threat.<sup>178</sup> The defeat of Yoshiyama also created a tense relationship between Andrade and the national government.

Fujimori used his control over police, fiscal, and legislative resources to create obstacles to enforcement and undercut the Andrade administration. First, the national government withheld police support for operations against street vendors. The city government had a limited number of its own police officers, and they were unarmed and required police protection to conduct operations that could result in violence. Accordingly, the large-scale operations against street vendors that Andrade planned required the cooperation of the National Police, which is under the direction of the executive branch. Support was minimal. For example, Andrade organized the first major operation to remove 2000 street vendors from the entrance of Lima's historic center in March 1996. Andrade had coordinated with the National Police for them to protect the city's police force. While the regional command of the National Police in Lima included 35,000 agents, the commander sent just 24 police officers to assist Andrade.<sup>179</sup>

Frustration with the perceived opposition from the national government led Andrade to rally district mayors and city councilors behind him. The political split in the city was apparent, however, as only mayors from Somos Lima attended the meeting to demand national cooperation.<sup>180</sup> Mayors aligned with Cambio 90-NM defended the vendors' right to work. Somos Lima mayors issued a

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<sup>178</sup> Fujimori's popularity dipped to a third of the Lima electorate in 1995, its lowest level since his election (Apoyo May 1995). Just a year out from the 2000 presidential election, 64 percent approved of Andrade's work as mayor, and 31 percent would vote for him in a presidential election (Apoyo March 1999).

<sup>179</sup> Of course, it is not clear that Fujimori himself was responsible for the lack of police cooperation. The police told the press that the regional commander had orders to provide "full support" to Andrade, but had faced conflicting security requirements on the day of the operation. See, "Alto mando de PNP dispuso el apoyo requerido por Andrade," *El Comercio* 29 Mar 1996.

<sup>180</sup> Mayors in attendance represented Barranco, Breña, Cieneguilla, Jesús María, La Victoria, Lince, Magdalena del Mar, Miraflores, Pueblo Libre, Rimac, San Borja, San Isidro, San Miguel, Santiago de Surco, Surquillo, and Villa El Salvador. Only Villa El Salvador and Cieneguilla are low-income districts, although Cieneguilla is rural district with little stake in street vending control.

number of statements in support of Andrade's legitimate mandate to conduct enforcement operations, regardless of the employment situation. As one mayor summed up the message: "The decision to impose order on vendors has been taken by *an authority supported by the people* and we have to respect it" (emphasis added).<sup>181</sup>

Although police assistance improved, national-metropolitan conflicts over evictions heated up when elections drew near. One of the most dramatic confrontations occurred just prior to the launch of Andrade's reelection campaign in May 1997. Andrade had organized an operation to remove street vendors from the central market, which would be the last major operation before the city election. The city's police were to receive protection in the removal of vendors' equipment from the National Police. But, allegedly, the National Police received an order to abandon the operation at the last minute because "the conditions weren't right."<sup>182</sup> An angry Andrade charged ahead with the operation. Instead of assisting the mayor, the group of national police officers present blockaded the city police from proceeding and joined forces with street vendors. Together, the national agents and street vendors used tear gas, threw dust and water, and hurled metal barricades *against* the city's police agents. When Andrade finally ordered his officers to retreat, the street vendors chanted "Fujimori, Fujimori!" Andrade said that the operation failed due to "a political hand that harms the capital, that harms the city of Lima" and accused Fujimori of supporting the vendors.<sup>183</sup>

National officials alluded to social circumstances that prevented the police from offering their support to Andrade. After the 1997 conflict, the director of the National Police, Fernando

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<sup>181</sup> Statement by Michel Azcueta Gorostiza, Mayor of Villa El Salvador. Reprinted in "La opinión de los alcaldes," *El Comercio*, 23 Jul 1996.

<sup>182</sup> "Aplazan desalojo de ambulantes del Mercado Central," *El Comercio* 1 May 1997.

<sup>183</sup> "Batalla campal entre policías y comerciantes," *ATV*, May 14, 1997, available at, [https://www.youtube.com/watch?v=Rkn\\_1hcTbzk](https://www.youtube.com/watch?v=Rkn_1hcTbzk).

Dianderas, explained that, “The National Police has a preventive function...to avoid a social cost that afterwards we would come to regret.”<sup>184</sup> Similar defenses emerged as the 2000 presidential elections neared. The Minister of the Interior, for example, refused police support for operations in the city’s garment district in 1999. The Minister wrote to the district mayor that operations threatened to create a “social crisis” if vendors were denied a form of employment.<sup>185</sup>

Andrade buttressed the city’s own police force and requested assistance from district mayors to steamroll through national obstructions. As he told the press, “We have told [street vendors] that they will leave without a doubt. How we are going to do it is our issue. With or without the support the [national] police, we have to enforce municipal regulations.”<sup>186</sup> The obstacles strengthened Andrade’s claim that enforcement against street vendors symbolized a larger struggle to reclaim authority.

The second obstacle presented by the national government was financial. Fujimori had decimated city finances under Belmont. The city budget was estimated at \$128 million, or \$19 per capita, in 1996.<sup>187</sup> For comparison’s sake, the Bogotá city budget during the same period was \$284 million, or \$45 per capita for a similar population and most police funding came from the national government. In order to finance the removal of street vendors and renovate the city center, therefore, Andrade drew up plans to apply for a \$20 million loan from the Inter-American Development Bank (IDB).<sup>188</sup> By law, the city needed national approval to borrow.<sup>189</sup>

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<sup>184</sup> “Batalla campal entre policías y comerciantes,” *ATV*, May 14, 1997, <https://www.youtube.com/watch?v=8nrg4Ncg4iw>.

<sup>185</sup> “Ministro del Interior aboga por comerciantes informales de Gamarra,” *La República* 9 March 1999.

<sup>186</sup> “Aplazan desalojo de ambulantes del Mercado Central,” *El Comercio* 1 May 1997.

<sup>187</sup> The proposed budget was for \$400 million soles, or roughly \$128 million. “Casi listo presupuesto 1996,” *El Comercio* 23 Feb 1996.

<sup>188</sup> “Proyectos de Lima presentados al BID,” *El Comercio* 18 Aug 1996.



The national government blocked the loan request. Many suspected that Fujimori was trying to starve the city of funds to prevent operations.<sup>190</sup> Minister of Economy and Finance Jorge Camet opposed the proposal for IBD funds as “useless expenses” that exacerbated poverty. He disqualified the project because it was not an investment, and therefore ineligible for international lending. Andrade defended the venture and openly accused Fujimori of manipulating the loan approval:

“This is an investment because it creates new jobs in hotels, restaurants, tourism agencies, bringing tour groups. I believe that the city of Lima should be put as we all want and we will be proud to be able to share it. *If the Minister of the Economy does not like it, what a shame. I am the mayor... You know that the decision is not the Minister's, but rather from above.*”<sup>191</sup>

In response, Camet claimed that the guarantee request for the loan followed its normal (slow) course.

Sapped of international support, Andrade overcame the fiscal shortage by asking private banks to collaborate.<sup>192</sup> Andrade managed to bring in over \$59 million in private funds to develop commercial centers to relocate vendors and improve public spaces. Rather than fund relocation projects, the city also focused on organizing vendors to purchase their own commercial centers and then working with newspapers to offer free advertising. Enforcement occurred on the cheap. The city's slogan—“Lima comes to life because its people make it happen” (*Lima renace porque su gente lo hace*)—underscored the city's autonomous efforts to improve.

The third way that the national government complicated enforcement was through its support for resistance by street vendors. Fujimori's allies allegedly assisted street vendors in

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<sup>189</sup> The Ministry of the Presidency and the Ministry of Economics and Finance are charged with the review of subnational loan requests.

<sup>190</sup> Economist Intelligence Unit, Peru Country Report, Nov 1997.

<sup>191</sup> “Municipio no detendrá gestiones para recuperar Centro Histórico,” *El Comercio* 6 Nov 1996; “Andrade confía en que algún día podrá dialogar con Fujimori,” *El Comercio* 16 Oct 1996.

<sup>192</sup> “Alcalde de Lima pide al gobierno apoyo para acceder a préstamos internacionales,” *El Comercio*, 14 Apr 1996; “Construyen puestos para 1.800 ambulantes,” *El Comercio* 4 Jan 1997.

organizing violent confrontations to undermine the city government's legitimacy.<sup>193</sup> Another subtle tactic to encourage defiance was the national provision of state land to some politically favored street vendors. Andrade had insisted that the city government would not finance the relocation of vendors and would help vendors to purchase commercial spaces through collective initiatives. The city could not afford enforcement otherwise. This approach raised the issue of what to do for street vendors who could not afford to purchase shops. De facto, some of these vendors moved to work in districts outside the downtown where forbearance continued.<sup>194</sup> But, in 1997, the Fujimori administration transferred state land in the city center intended to "favor of the poorest informal workers," who could not buy into commercial projects. This justification was pretext: the national government did not ask the city for a list of the poorest vendors, even though the city had surveyed and identified vendors who could not afford relocation. Andrade saw the transfer as a way to undercut the city's plans: "Vendors are going to have many doubts now, because they will say: if the government is going to gift a place to me, why would I buy one?"<sup>195</sup> The move positioned Andrade as an enemy of poor vendors, while the national government appeared as their defender.

Why did Fujimori go through such lengths to block enforcement? On the one hand, Fujimori sought to discredit Andrade as a challenger to presidential power. This interpretation is

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<sup>193</sup> It is unclear that Fujimori's allies incited violence. What is clear is that street vendors convened marches to protest the evictions ordered by Andrade and often ended their protests at the offices of Cambio 90 congress members, such as Rigoberto Ezquerro Cácares, María Jesús Espinoza Matos, and the former Congress president Martha Chávez Cossío. City Councilor Pedro León (Cambio 90-NM) also urged vendors not to leave the city center and to wait for offers of land or legalization. See, "Andrade denuncia a regidor de alentar el caos entre ambulantes," *El Comercio* 8 Jul 1997.

<sup>194</sup> Complaints had surfaced from vendors who could not purchase land that they were forced to move to vend in other districts. See, "Estamos de acuerdo con el desarrollo de la ciudad, pero no tenemos dinero," *El Comercio* 29 Sept 1998; "Informales más necesitados fueron relegados del proyecto Cantagallo," *El Comercio* 8 Jun 1997.

<sup>195</sup> "Andrade lamenta que gobierno entregue terreno de Cantagallo," *El Comercio* 9 Jun 1997; Andrade repeated these declarations on several occasions saying that the national government "has interfered in the municipal work and has created disunity among the street vendors," "Después de Polvos Azules sigue la avenida Grau," *El Comercio* 11 July 1997.

consistent with Fujimori's broader competitive authoritarian tactics to discredit his political challengers, such as the decision to cut Belmont's budget and intimidation tactics against Somos Peru mayors that led twenty-three local mayors to abandon Andrade in 1999 (Planas 2000: 390-94). Undermining Andrade's central initiative would have been a major blow to his political career. On the other hand, Fujimori and his supporters used opposition to enforcement as a tactic to rebuild popularity among low-income voters. Fujimori hit a nadir in popular support after economic liberalization. He then began to boost social spending and target poor communities for expenditures to restore his support base (Schady 2000). Andrade's advisor interpreted his intervention in city affairs as a tactic to build electoral support through forbearance because Fujimori believed that "people vote for you because they feel like the state permits them to do what they want."<sup>196</sup> Hence, Fujimori intervened to complicate enforcement in search of another electoral victory.

In sum, Andrade managed to enforce despite severe capacity constraints. By the mid-1990s, the Peruvian economy had begun a remarkable recovery, but the city government lacked funds, police, and national support. The fact that Andrade mustered the capacity to enforce with limited financial or police assistance provides disconfirming evidence of arguments that focus on state capacity. Instead, the events support the interpretation that changing conditions allowed a mayor to gain election with a nonpoor core constituency and to follow their preferences for enforcement. Andrade's campaign strategists realized that there was little to fear in electoral terms from advocating an enforcement policy as long as it made clear that street vendors violated the law and were not poor. Moreover, Lima's political decentralization reduced the costs of enforcement by allowing local district mayors to continue forbearance policies. Many lower-class voters ultimately

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<sup>196</sup> Author interview with Oswaldo Carpio Villegas, June 1, 2011.

accepted enforcement in the city center, given that wealthy street vendors purchased spots to work and local districts allowed the least well-off vendors a place to work.

#### 4.4 *Neutral Core Constituencies and Segmented Enforcement*

Notwithstanding the moderating effects of political decentralization, electoral incentives continued to play a role in enforcement decisions for city mayors in the 2000s. However, mayors won with broad class coalitions, leading to less straightforward predictions about enforcement policy. The centrist administration of Luis Castañeda, in particular, oscillated: enforcement followed the electoral cycle. Like Mockus, Susana Villarán represents the post-materialist Left, which prioritizes quality of life issues over immediate material needs and attracts substantial middle-class support. Villarán has followed her ideological convictions to enforce and has lost support among poor voters, consistent with my electoral theory.

##### 4.4.1 *The Developmentalist Center: Enforcement Cycles Under Castañeda (2003-10)*

Andrade lost a tight race to Castañeda in 2002. Castañeda, a former head of the Social Security Institute, ran for a center-right party called National Unity Alliance (*Alianza Unidad Nacional*, later to become *Solidaridad Nacional*). His platform echoed the developmentalist approach of Belmont in that he proposed major transportation and infrastructure projects. Castañeda tried to portray Andrade as a mayor of the rich, but the accusations did not stick and enforcement policies did not divide the candidates.<sup>197</sup> Both mayors agreed on the need for order. Castañeda had a long trajectory of enforcement, since he helped Orrego enforce and relocate street vendors.<sup>198</sup> Castañeda

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<sup>197</sup> Castañeda challenged Andrade to a debate—which he accepted—in an informal settlement. In the debate, Castañeda claimed that Andrade never visited the informal settlements in Lima. Andrade took off his boots and showed them to the crowd, saying that the mud on them proved that they had marched to poor neighborhoods and back, and not just prior to the elections. “Castañeda y Andrade protagonizaron acalorado debate,” *AgenciaPeru* 10 Nov 2002; “Andrade reta a Castañeda a un nuevo debate,” *AgenciaPeru* 7 Nov 2002. By the end of his term, Andrade received roughly equal support across class groups (IMA 12 Oct 2002).

<sup>198</sup> Castañeda helped to create the Amazonas and Polvos Azules markets in central Lima.

drew similar levels of support across class groups, and eked out a victory based on voters' exhaustion with the Andrade administration.<sup>199</sup>

Castañeda straddled class preferences on street vending. Particularly in his first term, Castañeda recognized that the majority of voters preferred order in downtown Lima, and he took a zero tolerance approach to infractions like street vending.<sup>200</sup> But he also recognized Andrade's error of ignoring employment issues in his enforcement policy. Castañeda describes his support for substitutive social policies as follows:

"In contrast to Andrade, I knew that we couldn't tolerate such extreme inequality and expulse the poor in an improvised fashion...But if you say, 'oh poor thing' and only recognize the poor's need to work, that's a perspective of weakness and resignation that most people no longer support. I was firm with what needed to happen, that first, street vendors had to leave the city center but, second, they would not leave without work."<sup>201</sup>

Castañeda created several programs to generate employment alternatives. The most innovative one was a program called Capitalizing (*Capitalizando*) in which street vendors receive temporary work permits, stands marked with the city's logo, and assistance opening savings accounts. The idea is that vendors accrue savings through their work in profitable locations, and then transition to formal stores. In theory, priority goes to disabled or impoverished applicants. But, as with most licensing schemes, Capitalizing offered a very limited number of slots. Complaints

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<sup>199</sup> Vote intention surveys showed Castañeda with stronger support among upper class groups (31.7 percent among A/B) compared to lower class groups (24.1 percent in C, 23.3 percent in D/E) prior to the election. Poor voters supported a third candidate with a long tradition in informal settlements, Michel Azcueta (IMA Sept 2002). However, as the election approached, the poor shifted to Castañeda with roughly 30 percent support across strata (IMA 20 Oct 2002; IMA 30 Oct 2002). Voters across the income spectrum cited the "need for change" as the reason for supporting Castañeda (Ipsos Oct 2002).

<sup>200</sup> As Castañeda put it in an interview, "people do whatever they feel like here...and when I call attention to it, they say that I am authoritarian. If that is authoritarian, then I am." "Luis Castañeda, un político reservado," *Terra* 26 June 2013.

<sup>201</sup> Author interview with Luis Castañeda, July 12, 2011.

emerged that licenses were provided to vending associations allied with the government, while many others were denied access.<sup>202</sup>

Castañeda also undertook operations against street vendors, but tried to minimize mayoral responsibility for enforcement actions. For example, Castañeda recounts how he avoided any personal association with an enforcement operation in Las Malvinas and stressed the substitutive social policies offered: “I went home at night and left the bureaucrats with one instruction: if there were any questions about the operation from the press, they were to say just one thing, ‘This is not an eviction, this is not an eradication, this is a relocation in which vendors will now work elsewhere’.”<sup>203</sup> The apolitical approach neither won nor lost him support among voters, and Castañeda maintained even support across class groups in his reelection in 2006.

Castañeda proved less consistent in his enforcement policies as he geared up for a presidential run. In part, forbearance became possible because public opinion softened toward street vendors after a decade of enforcement had reduced the negative externalities of the activity. There are three important reasons why Castañeda’s second term qualifies as a period of forbearance. First, Castañeda reduced the government’s coercive capacity. He transferred control of street vending from the city police to an inspections office.<sup>204</sup> Just 45 inspectors covered all economic infractions in central Lima, compared to more than 1000 police mobilized under Andrade.<sup>205</sup> While the Peruvian economy did dip with the global financial crisis, there is no evidence that budget cuts motivated these drawdowns. The government also largely stopped the decommissions of

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<sup>202</sup> “CUT Perú demanda solución inmediata para los trabajadores autoempleados del comercio urbano de Lima,” CUT Press Release, 15 Jan 2010.

<sup>203</sup> Author interview with Luis Castañeda, July 12, 2011.

<sup>204</sup> Under Andrade, the Citizen Security Office (*Gerencia de Seguridad Ciudadana*) coordinated enforcement operations, while Castañeda put the much weaker Inspection’s Office (*Gerencia de Fiscalización*) in charge.

<sup>205</sup> Author interview with Álvaro Anicama González, Head of Inspections (*Gerente de Fiscalización y Control*) under Villarán, Municipalidad de Lima, November 30, 2011.

merchandise, even by the agents that remained. Evidence suggests that the government decided to ease enforcement to reward Castañeda's supporters. The associate director of the office in charge of street vending management describes:

"It was a political theme: sometimes [the Inspections Department] wanted to take a hard line in certain areas, but then suddenly we'd receive calls from congressmen, councilors, or advisors to the mayor to "not abuse" the vendors, and then the mayor's office would tell us to take a softer approach...Andrade had a lot of support for the control of vending, but by the time Castañeda took office, there was more sympathy for the vendors. Retentions were again seen badly, as an abuse of power, so there were few ways to control vending and more politicians wanted to get involved."<sup>206</sup>

Second, Castañeda expanded the number of short-term licensed vendors and tolerated many more for political purposes.<sup>207</sup> Castañeda began with 300 authorized vendors in the city center, and ended with more than 10,000 vendors.<sup>208</sup> Castañeda may have allowed vendors to expand as a political favor prior to his presidential campaign and then decided not to deal with their eviction before leaving office.<sup>209</sup> Alternatively, some suspect that Castañeda wanted to force the incoming leftist government into an awkward position in which it would be forced to define its distributive commitments. Villarón either would choose to evict vendors, which would go against the immediate interests of the poor that she claimed to defend, or allow vendors to stay, which would inflame fears among middle-class voters of the Left's laxness and possibly provide fodder for a recall referendum.

Third, there is evidence that Castañeda did not conduct scheduled enforcement operations. In particular, the city had plans to move Lima's wholesale market from La Parada to a special site in Santa Anita. More than 3000 street vendors surrounded La Parada, and well-organized associations opposed the move that would dislodge vendors from their posts. Although market construction

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<sup>206</sup> Sub-director of Inspections (*Fiscalización*), MML (2003-2009), December 2, 2011.

<sup>207</sup> Castañeda reportedly authorized or tolerated an additional 5000 street vendors, "Unos 5.000 vendedores saldrán del Cercado," *El Comercio* 4 Feb 2011.

<sup>208</sup> "Eduardo Zegarra: "Hubo una bolsa de dinero para la revocatoria"," *La República* 20 May 2012.

<sup>209</sup> Author interview with Luis Valer, City Councilor (2011-13), November 28, 2011.

finished under Castañeda, the government delayed the move.<sup>210</sup> Many involved in the project saw electoral considerations behind the deferral. The mayor of La Victoria, where La Parada is located, notes that the removal effort lost steam once Castañeda launched his presidential campaign: “With elections, there is a lot of fear of using coercive force to accomplish something. The basic policy is ‘don’t touch anyone in the name of politics’... so a lot of problems like La Parada persist because no one wants to take the political cost to stop them.”<sup>211</sup> The move risked losing vendors’ votes and making Castañeda appear antipoor in confronting vendors. Castañeda shelved the project.

The picture that emerges from the Castañeda period is one in which enforcement varied with electoral exigencies. Public opinion began to soften and divide on street vending enforcement. Castañeda returned to forbearance to expand his appeal among the poor before a presidential bid and to let his successor bear the political costs.

#### 4.4.2 *The Post-Materialist Left: Enforcement Under Villarán (2011--)*

In 2010, citizens elected Susana Villarán, a human-rights activist who represented a new left-wing party, *Fuerza Social* (Social Force), as mayor. It was the first time that the Left won the capital since 1983. But the Left’s return brought back a very different ideology and orientation toward street vending. Drawing inspiration from Mockus, Villarán represents the post-materialist Left.

Surveys suggest that Villarán attracted a broad base of support, despite her leftist credentials. The election gave Villarán a narrow victory over Lourdes Flores, a conservative from the PPC who twice ran for president. Two months before the election, more than half of upper class voters said

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<sup>210</sup> Construction of the new wholesale market had begun under Belmont, but it was abandoned due to the economic crisis. The project proceeded in fits and starts throughout the 1990s. Opposition periodically erupted to the project whenever the government claimed that it would move the wholesale sellers. The project was further complicated when a group of land invaders backed by politicians affiliated with Cambio 90 invaded the empty site and began to build housing on the site in 2002. It took a long legal battle to evict the squatters. Castañeda claims that delays in the construction prevented him from moving vendors.

<sup>211</sup> Author interview with Alberto Sánchez Aizcorbe, Mayor of La Victoria, June 15, 2011.



that they would support Flores compared to 26 percent of lower-class voters (IOP Sept 2010). But support for Flores slipped after it was revealed that she advised a suspected drug trafficker. Villarán surged. Her rapid and unexpected rise means that many voters turned to Villarán with little sense of her platform. Just prior to the election, there were minimal differences in vote intention by socio-economic group (IOP Oct 2010).<sup>212</sup>

Given that Villarán was an unknown candidate identified with the Left, many expected that she would promote forbearance like the IU. Street vendors hoped for a permissive approach and mobilized as part of her campaign. As the leader of one vending association put it, “We supported her campaign and marched with her because she promised us dialogue and solutions, but it’s very deceiving because she has evicted vendors.”<sup>213</sup> Business and middle-class groups feared that Villarán would permit street vendors to return. Media attention to street vending perked up when she took office. Complaints that vendors were “retaking” city streets, and exhortations that the government should not permit a “backslide” into the pre-Andrade period, dominated coverage.<sup>214</sup> Castañeda may have stoked popular fears that the Left would tolerate street vending by expanding the number of licensed vendors before the transfer of power. Those close to Castañeda believe that Villarán fostered connections with street vendors during the campaign to signal her commitments to the poor against Flores’ association with the rich, and that street vendors retook the streets on the

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<sup>212</sup> Ecological correlations suggest that Fuerza Social attracted a larger vote share in poor districts (Sulmont and Gordillo 2011: 61), but individual-level polls do not confirm these results. I thus label Villarán as winning a neutral class constituency.

<sup>213</sup> Author interview with Gloria Solorzano, Red de Mujeres, Lima, Peru, May 16, 2011.

<sup>214</sup> For example, one op-ed spoke warned of an impending return to the early 1990s. “In 1996 it seemed more realistic that street vendors would acquire streets through adverse possession than that some mayor would manage to move them... This victory had been so difficult to achieve that it would have to be jealously guarded by previous municipal administrations. Incredibly, nonetheless, things have not been this way and a good portion of the gained land has been lost again.” “Deambulando,” *El Comercio* 18 Dec 2013.

expectation of forbearance.<sup>215</sup> Point being, the association between the Left and forbearance was strong in the public's mind.

Villarán surprised many by pursuing an enforcement policy. The government ordered vendor clearances surrounding a major commercial center in Mesa Redonda. She pushed ahead with the postponed relocation of the wholesale market to Santa Anita, although it required substantial coercive force and left four people dead. In addition, Villarán improved the government's routine enforcement capacity. The number of inspectors dedicated to commercial violations and city police doubled. She also cancelled temporary authorizations and revived decommissions of merchandise.<sup>216</sup>

Why has a government that claims to represent the poor enforced against street vendors? First, political decentralization lowers the political costs of enforcement in *central* Lima. After the evictions by Andrade, street vendors removed permanent stands and became mobile, scattering to poor districts in the city. Enforcement in the city center, as pursued by Villarán, does not infringe upon vendors' right to work because vendors can relocate to local districts where they live.

Arguments that the government represses vendors and attacks the poor lose strength, particularly compared to a centralized city like Bogotá, when vendors have other employment options in the urban periphery. The government has been explicit in its promotion of a segmented approach.

Fuerza Social City Councilor Luis Valer explains:

"We took out 5000-6000 street vendors from the city center. There was little protest by the vendors or outcry that vendors were 'poor things' because they went back to the districts where they live, and mayors in poor districts aren't confronting the vendors...The idea is to progressively eliminate vendors and let each district do it at its own pace because there is a lack of work and business opportunities...But Andrade made clear that historic Lima is special."<sup>217</sup>

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<sup>215</sup> Author interview with Marco Tulio Gutiérrez, Instituto Peruano de Administración Municipal, May 20, 2011.

<sup>216</sup> Author interview with Álvaro Anicama González, Head of Inspections (*Gerente de Fiscalización y Control*) under Villarán, Municipalidad de Lima, November 30, 2011.

<sup>217</sup> Interview with Luis Valer, City Councilor and President of Commercialization Commission, Lima, November 28, 2011.

Second, much like Mockus, Villarán held the view that enforcement promoted civic equality and the poor's long-run welfare. Villarán encouraged drawing public attention to enforcement to encourage changes in social norms. For instance, she initiated a publicity campaign in the center of the city in which inspectors wear vests with the slogan: "If you change, Lima changes, follow the law."<sup>218</sup> Villarán also emphasized that enforcement serves the poor's long-term interests by promoting economic investment, even though it removes tangible benefits in the short-term, or what some observers dubbed "progress through force" (*progreso a palos*).

The post-materialist Left tends to be unpopular with the poor, and Villarán has proved no exception. Only 15 percent of poor voters approve of her administration, compared to 34 percent of nonpoor voters. While inaction and rising crime are the top criticisms of her government, among the other complaints are the use of fines and sanctions by city inspectors and the relocation of street vendors (CPI 2013).<sup>219</sup> Perhaps in an attempt to rebuild the poor's support, Villarán has softened her rhetoric and approach to street vending of late.<sup>220</sup> The government has proposed street vending regulations that update Barrantes' approach of a managed licensing policy with caps on the amount

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<sup>218</sup> Author interview with Álvaro Anicama González, Head of Inspections (*Gerente de Fiscalización y Control*) under Villarán, Municipalidad de Lima, November 30, 2011.

<sup>219</sup> One public opinion asked for the principal error of Villarán's administration ("¿Cuál diría Usted que ha sido el principal error o lo que más criticaría a la Sra. Susana Villarán de su gestión como Alcaldesa de Lima?"). Roughly 17 percent of respondents named inaction and crime as the principal error of the Villarán government; another 9 percent name "abuse" and fines by municipal inspectors ("el abuso de los inspectores municipales/multas/papeltas") and another 9 percent name the relocation of La Parada.

<sup>220</sup> Vice mayor Hernán Núñez, for example, made statements that emphasize the social origins of vendors: "One has to understand street vending as a social necessity. That is, it is a sector in a difficult economic condition and that is dedicated exclusively to this commerce." "Una necesidad social," *El Comercio* 12 Dec 2013. The head of inspections Álvaro Anicama similarly notes, "From the point of view of control and sanctions, we can contain the advance [of vendors] and even reduce it. But to eradicate this unauthorized work becomes a social issue." "Unos 3.000 ambulantes obstruyen las rutas de evacuación de Mesa Redonda," *El Comercio*, 30 Nov 2013.

of merchandise vendors can sell.<sup>221</sup> What is clear is that—even with urban decentralization—enforcement has done little to bolster Villarán’s electoral support among the poor.

#### 4.5 *Summary*

The main purpose of the Lima case is to showcase the electoral dynamics of enforcement in a context of weak institutions. I have demonstrated how enforcement varies with the core constituency of a mayor and serves as a form of informal welfare provision. Politicians who courted poor voters, such as Barrantes and Del Castillo, preferred forbearance to demonstrate their commitments to the poor and to provide informal employment. Other mayors like Castañeda attracted mixed-class support and used forbearance when expedient. Finally, mayors who won with middle-class support, like Orrego and Andrade, promoted enforcement consistent with nonpoor interests. Andrade realized the political risk of enforcement in a city that is majority poor, however, and made deliberate efforts to minimize the political costs. Villarán, while motivated by a commitment to the poor’s long-run interests, underscored that enforcement costs votes among the poor. Beyond a simple correlation between class constituencies and enforcement policies, the qualitative evidence underscores that mayors understand enforcement as a distributive policy choice with consequences for how they are perceived and supported at the ballot box.

I should be careful not to overstate politicians’ scope for choice in Lima. Institutional and fiscal capacity certainly limited the *extent* of enforcement, particularly under Del Castillo and Belmont. In broad term, enforcement increased as state capacity improved in the city. My interviews and secondary sources suggest, however, that coercive and fiscal capacity played only a minor role in how politicians set enforcement policy. Furthermore, a focus on institutional capacity provides limited leverage to understand rapid shifts in enforcement over time. Andrade and Belmont

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<sup>221</sup> The project is Street Vending in Public Spaces (*Comercio ambulatorio en los espacios públicos*).

inherited similar institutional resources. Yet Andrade insisted on enforcement *despite* limited coercive and fiscal capacity because he had an electoral mandate in favor of enforcement. Castañeda scaled back on enforcement when Peru's commodity boom was in full swing. The evidence is more consistent with the claim that the weak distributive capacity of the state to generate jobs and electoral incentives made politicians hesitant to enforce and lose support among the urban poor.

## **5 Street Vending and Business Association Power as Alternative Explanations**

This chapter has emphasized how my electoral theory differs from a dominant explanation rooted in bureaucratic capacity. In particular, it demonstrated that enforcement plummeted as bureaucratic capacity increased in Bogotá, and that enforcement occurred even as capacity remained low in Lima. Before concluding, it is worth emphasizing the distinct empirical observations that support my electoral explanation compared to other alternatives rooted in the power of street vending and business associations.

A competing account of street vending enforcement focuses on principal-agent problems in which officials are bribed to forgo enforcement. The basic expectation is that street vending associations collect payments from their members and then pressure bureaucrats and politicians to forgo enforcement. A number of studies point to differences in the associational power of street vending organizations to explain enforcement variation (Aliaga Linares 2012; Bayat 1998; Cross 1998; Donovan 2002; Hays-Mitchell 1993; Tripp 1997). The empirical prediction, then, is that enforcement operations should follow declines in informal associational strength and concentrate on areas where associations are weak.

At first blush, it is plausible that the labor power of street vending associations drive enforcement outcomes. Street vending associations declined in membership and unity in the mid-1990s when enforcement peaked in Lima and Bogotá. In Lima, the main vending association FEDEVAL suffered as the Shining Path (*Sendero Luminoso*) insurgency targeted popular sector

leaders with violence and disagreements over Fujimori's economic policies divided the sector (Roever 2005). Bogotá experienced a similar fragmentation. Leaders from the radical vending association, Sinucrom, were victims of political violence in the 1980s due to their support of the political arm of the guerrilla, Patriotic Union (*Unión Patriótica*). Changes in the labor law that made it easier for associations to form also ironically led to a proliferation of vending groups that decimated their organizational power (Donovan 2008). Some further evidence in favor of the idea that vending associations bribed politicians to secure forbearance comes from a scandal that broke in Bogotá. City councilors demanded a bribe of \$215,000 from vending association leaders to vote against changes in the police code in 2003, which would make it easier to fine street vendors. The vending association refused to pay the exorbitant fee and denounced the city councilors to the press.<sup>222</sup> Perhaps a more powerful vending organization would have paid the bribe and prevented the legal changes. Thus, in broad strokes, a decline in vending association power does coincide with enforcement operations.

Nonetheless, a focus on associational power struggles to explain the geographical targeting of enforcement. In both Lima and Bogotá, declines in organizational power were most dramatic on the urban periphery. Central city organizations remained well organized to distribute profitable spaces. They could aggregate votes and financial resources throughout the period. Yet, these powerful organizations were precisely those singled out for enforcement. Andrade, Peñalosa, and Mockus all enforced against the best-organized street vending associations. Street vending associations in historic Lima, for example, pooled more than a million dollars in resources to move to formal commercial centers in the mid-1990s; they petitioned Congress and wrote to Fujimori to

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<sup>222</sup> City councilors were caught on tape trying to extort money from a street vending association with 12,000 members, the *Corporación para el Desarrollo Social de Buhoneros de Colombia*. The incident broke when the association leader denounced the city councilors to the police. Courts found the vice-president of the City Council, Judy Consuelo Pinzón Pinzón, guilty and barred her from public office for twenty years.

prevent their removal. If organizational power prevents enforcement, then we should have observed forbearance in the city center, and enforcement on the urban periphery. The opposite occurred.

I suggest that associational strength has a Janus-faced impact on enforcement politics. On the one hand, I agree that strong vending associations can help promote forbearance, although I emphasize that associations help to mobilize their members to vote, rather than exclusively to bribe officials. Street vending associations' role as a voting bloc becomes critical when enforcement decisions are made at a very local level where few votes are required to win office. On the other hand, my view is that strong associations *undermine* forbearance because they reduce social sympathy for vendors. Street vending associations impose order on street markets by allocating slots and imposing restrictions on who can work as street vendors. This function makes it easy for politicians to pin associations as "mafias," "street landlords," and "exploitative intermediaries." Peñalosa and Andrade targeted street vendors in the city center because their organizational power turned voters against them. Particularly in city elections where appeals to a broad electorate matter most, mass opinion and voter mobilization drive enforcement choices. Thus, because popular perceptions of street vendors shape electoral incentives, associational strength promotes forbearance. The decision to enforce against the most powerful vending associations is more consistent with an electoral explanation than a theory rooted in corruption or organizational power.

Rather than focus on street vending associations, another strand of arguments focus on how business functions as a potential lobby to promote enforcement. Business chambers and commercial organizations tend to oppose street vending as a drag on investment and unfair competition. One possible prediction is that stronger business chambers should be more effective in advancing their interests through lobbying the government or helping inspectors to enforce.<sup>223</sup> If anything, business chambers have been better organized and more involved in street vending issues

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<sup>223</sup> For an example of such cooperative enforcement in a different context, see Amengual (2013).

in Bogotá compared to Lima.<sup>224</sup> Nonetheless, enforcement has lagged in Bogotá and proved more consistent in Lima.

Admittedly, the existence of a business chamber does not predict the strength or consistency of its opposition to street vending. A more nuanced theory breaks down business interests by time and sector. Business opposition, measured through complaints and statements to the press, peaked in the early-1990s in both cities. Business complaints about street vendors “invading” public spaces occurred on a biweekly basis in the newspaper in the early-1990s. The occupation of downtown areas was viewed as a threat to the image of a sound regulatory environment at a time when both Peru and Colombia had liberalized their economies and tried to compete for foreign direct investment. As street vendors have moved out of the city center, concerns about their control have become more diffuse. Business chambers have framed their complaints in terms of copyright violations, unfair competition, and tax evasion. There also is substantial heterogeneity of business interests. Certain business sectors do support street vending, namely candy, soft drink, newspaper, and cell phone companies.<sup>225</sup> Others sectors and small-business owners that compete with street vendors have a more negative view. If business interests drive enforcement, then operations should concentrate on vendors that compete with businesses, such as durable goods, and exempt those types of vendors that powerful business sectors sponsor.

While business preferences coincide with the rise of enforcement in the mid-1990s, several pieces of evidence are inconsistent with this explanation. The first is that business opposition

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<sup>224</sup> The Bogotá Chamber of Commerce and Fenalco monitor street vending, conduct research, and offer their material support for enforcement. The Lima Chamber of Commerce has no group or research arm dedicated to street vending issues.

<sup>225</sup> For example, the Colombian candy conglomerate Quila maintained 1200 street vendors in Bogotá. Newspapers like *El Tiempo* fiercely defended street vendors who sell newspapers as “traditional” and “honorable,” and argued for their separation from all other vendors. “Respeto al trabajo,” *El Tiempo* 30 Dec 1996; “Voceadores perseguidos,” *El Tiempo* 23 Sept 1997; “Voceadores sin espacio,” *El Tiempo* 30 March 1998; “Voceadores están en aprietos,” *El Tiempo* 5 July 1998.



peaked years before mayors actually moved to enforce; mayors like Del Castillo, Belmont, Caicedo, and Castro all ignored intense pressure from business organizations. For instance, major hotels and banks threatened to leave central Lima if Belmont did not act against street vendors. Belmont still did almost nothing. If business interests are so central to the design of policy, it is unclear why mayoral action lagged.

Second, even when enforcement occurred, it did not take place in ways that necessarily aligned with business interests. For example, after past administrations' shortcomings, business groups lobbied for enforcement when Mockus came to power in 1995. Fenalco, in particular, tried to strong-arm the government into enforcement. It threatened a business strike in protest of the number of street vendors. Fenalco President Dionisio Araújo proposed moving the poor to the countryside and insisted that street vending "is not a social problem and that the government is obligated to resolve this scourge for businesspeople who pay taxes."<sup>226</sup> The strike was suspended when Mockus began operations, although the government insisted that it was not responding to business pressure.<sup>227</sup> Mockus also imposed harsh fines on companies that sponsored street vendors, which is hardly consistent with the prioritization of business preferences. Other city mayors took even stronger positions against business lobbies in favor of the poor. For example, when threatened with a commercial strike by Fenalco, the mayor of Bucaramanga emphasized his commitment to poor voters over business groups: "I will not initiate a war [against street vendors]...I was chosen by

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<sup>226</sup> The association took a radically anti-poor stance during this period. Araújo, for example, proposed the creation of agricultural colonies because "it is the only way to end the scourge of insecurity in the city caused by the indigent and street vendors." "Qué hacer con los indigentes," *El Tiempo* 21 March 1995; "Comerciantes aplazan paro," *El Tiempo* 29 April 1995.

<sup>227</sup> Beyond threats, Fenalco also provided resources to the government to boost enforcement. For example, it offered to provide a warehouse for the police to store decommissioned merchandise, trucks, and resources to print flyers. "Comerciantes aplazan paro," *El Tiempo* 29 April 1995; "Ultimatum," *El Tiempo* 22 March 1995; "Fenalco pide recuperar Carrera 13," *El Tiempo* 28 Feb 1995.

the marginal sectors of the population and the middle class. I do not have a commitment to the large industries and I have never been supported by them.”<sup>228</sup>

Nonetheless, a theory rooted in business interests can be reframed as a complement to my electoral explanation of enforcement. Rather than emphasize how the poor are incorporated into a political coalition, the theory can be reframed around how business—as an expression of the interests of the nonpoor—is represented in politics. I find this formulation less persuasive for two reasons. First, most city mayors to a certain extent are “pro-business” in their pursuit of economic growth. Even mayors like Garzón and Barrantes, who came from strong leftist backgrounds, worked with business groups to design policies to relocate street vendors and to promote investment in a variety of ways apart from vending policy. As one of Mockus’ close associates and interim mayor, Paul Bromberg, observed, “You have to meet with Fenalco and the Chamber as mayor, and they always have hated street vendors, but they aren’t the ones who will bring you votes.”<sup>229</sup> Second, as an empirical matter, it is hard to know how to distinguish the strength of a mayor’s business ties, other than through their core constituency or perhaps their backgrounds. But even mayors with identifiable ties to the business community do not necessarily act in their favor. For instance, Caicedo was the former president of Fenalco and faced intense business pressure to control street vending. He deferred to the city council and voters’ interests in forbearance instead. In short, while street vending and business associations shape the politics surrounding street vending, an electoral theory provides greater purchase to explain variation across time and case.

## 6 Conclusions

This chapter has explored how a mayor’s core constituency accounts for when enforcement occurs at the city level. The following chapter extends the argument to consider how electoral rules

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<sup>228</sup> “Alcalde no desalojará a vendedores ambulantes de Bucaramanga,” *El Tiempo* 9 Apr 1997.

<sup>229</sup> Author interview with Paul Bromberg, interim mayor of Bogotá, January 31, 2014.

predict *where* enforcement occurs across city space. It adds the least likely case of Santiago to show how limited employment options and electoral pressures, even in an institutionally strong case, can explain forbearance. Before turning to the spatial dynamics, it is worth emphasizing the unique theoretical insights from this chapter's case comparisons.

The comparative analysis of enforcement in Lima and Bogotá has yielded multiple empirical observations that are inconsistent with rival explanations rooted in state capacity. Bogotá mayors enforced during the city's worse downturn in decades when capacity presumably hit a nadir. More puzzling from capacity-based perspectives, mayors tolerated street vendors, and quite openly, as the economy rebounded. Lima, which suffered a profound economic crisis, moved to enforce during a period of high underemployment, paltry budgets, and central government opposition. An explanation rooted in electoral dynamics resolved these anomalies.

The chapter demonstrated the plausibility of the central argument of the study—that electoral incentives lead politicians to choose not to enforce the law. Basic correlations confirmed that mayors with poor core constituents enforced less than those with upper class constituents. Mayors, state officials, and street vendors understood forbearance as a policy choice with welfare and electoral repercussions. Politicians traded the costs of enforcement in the form of lost support among the poor against the benefits in support from the nonpoor. A combination of ideological and strategic incentives encouraged mayors with poor core supporters to forgo enforcement to employ the poor through informal means.

The historical analysis showed that forbearance sometimes is rooted in ideological debates, but that these divisions challenge simple Left-Right dichotomies. The neoliberal Right favored forbearance to protect street vendors' economic freedom; the material Left concurred to support the income and employment options of the poor. However, the conservative Right pushed enforcement to guarantee respect for property rights and state authority. The post-materialist Left—oddly united

with the old Communist Left—also enforced to promote a broader conception of social equality and formal welfare policies. While I viewed Left-Right ideology as a poor explanation for enforcement policy, I showed that enforcement positions are driven by philosophical views about how to help the poor. What rights to work and subsistence entail in contexts where welfare states cannot guarantee these social rights remains a topic of political and legal debate. The role for enforcement ideologies goes against a model of pure office-seeking politicians who select enforcement levels to maximize votes. But, observations that politicians who enforce lose support among poor voters—regardless of their broader social policy positions—underscores the importance of enforcement in signaling a politician’s class representation.

Through this longitudinal approach, I also considered a model in which enforcement preferences evolved with past policy choices. Unlike the case of squatting, where forbearance generated incentives for its continuation through demands for reactive housing policies, street vending was an unstable equilibrium. Because the negative externalities and wealth of street vendors are visible, past forbearance galvanizes the nonpoor and even some poor voters against street vending in the following period. Hence, forbearance toward street vending can take on a cyclical character in city elections as mayors mobilize different winning coalitions around enforcement.

Since much of the argument was derived through a comparative investigation of these two cities, the paired analysis in this chapter cannot be considered strictly speaking a test of the argument. Beyond the city story, we can expand the empirical implications of the theory by analyzing within-city variation. This chapter deliberately focused on cities that elect central city mayors, while bracketing the case of Santiago, which only elects mayors at the district level. In the next chapter, I test the model by showing how differences in a city’s electoral structure, and thus enforcement incentives, lead to divergent observations of *where* enforcement occurs in a city.

## Chapter 5

### The Electoral Geography of Enforcement

“We realize that this is arbitrary legal discrimination, but to win elections in this district, you have to appear like you care about the poor... Things would be different if you wanted to be mayor in a rich district, or if you were Pinochet, then you could enforce the law just as they give it to you.”

—Head of Inspections, District of Conchalí, Santiago, Chile

Do electoral incentives shape enforcement? The qualitative evidence presented in Chapters 3 and 4 suggest that politicians have used forbearance to provide informal welfare benefits and signal their representation of poor voters. This chapter provides an additional test of my electoral argument against conventional alternatives by exploiting differences in the electoral structure of cities. The intuition is simple: if electoral incentives shape enforcement, then cities with different electoral structures should have different enforcement patterns, all else equal. It also adds the case of Santiago as a “hard” test of the theory: high levels of institutional capacity and police centralization make it unlikely to observe weak enforcement under conventional theories. Yet urban political decentralization—combined with spatial segregation of class groups—creates strong incentives for some mayors to prefer forbearance under my theory.

More concretely, this chapter argues that the extent of political decentralization in a city produces differences in *electoral geography*. The boundaries of electoral districts make the votes of the urban poor more or less useful for office-seeking politicians. Due to residential segregation, some districts overwhelmingly concentrate poor voters. Others cluster together nonpoor voters, while some—as we saw in the citywide electoral districts in Chapter 4—mix different classes. I assume that a politician sets enforcement policy for her electoral districts and, as in classic distributive models, disregards any negative externalities imposed on other districts. The salience of political costs from enforcement varies with the share of poor voters in an electoral district, as well as the

extent of political competition. In districts with high concentrations of poor residents, politicians are more likely to forbear and attract more offenders due to their lax enforcement policies. In districts with few poor voters, the most viable strategy is to enforce, following the median voter's preference and displacing offenses to poor districts.

Of course, poor districts differ in a host of other ways from nonpoor districts: they may collect fewer taxes, receive worse police attention, and employ poorly trained and remunerated bureaucrats. The distinguishing empirical observations of my theory are twofold: first, I expect enforcement to vary with district poverty *only in cities that hold local elections*, and not to respond to demographics in cities that centrally determine enforcement policy. Second, I expect district demographics to predict enforcement *only for offenses where class preferences over enforcement differ*, and not more broadly for offenses like violent crime that all citizens prefer to control.

As outlined in Chapter 1, I selected these cities in part due to the variation in their electoral structure: Santiago is a politically decentralized city, meaning that residents elect a local mayor for their district, while Bogotá is a politically centralized city, meaning that residents elect a city mayor who appoints administrators for their district. Lima is a hybrid that elects both types of mayors, but allows local mayors to determine enforcement policy. Empirically, then, I expect enforcement to vary with district poverty in the cities that hold local elections, Lima and Santiago. District demographics should not predict enforcement in cities that centrally determine enforcement policy, as in Bogotá.

I find that, holding fixed the district budget per capita, the number of street vendors, and other key covariates, a poor district does 71 and 78 percent fewer enforcement operations than a nonpoor one in Lima and Santiago, respectively. Demographics have no effect on enforcement across districts when elections do not occur at the local level, as in Bogotá. I then compare street vending to other criminal offenses. I show that enforcement does not vary by district demographics

when all citizens prefer to control crime. Additional confirmation of my theory comes from measures of the mediator: I show that the perceived electoral costs of enforcement vary with district poverty in Lima and Santiago, but not in Bogotá. Hence, the results support the claim that forbearance occurs when politicians need to pursue poor voters to win elections.

This chapter concentrates on street vending because offenses occur across urban space and thus electoral rules predict distinct spatial patterns. But, a focus on electoral geography also helps to explain the negative case of squatting. The electoral costs of enforcement are high in districts where squatting occurs (in the absence of housing policy). The co-occurrence of district poverty and squatting thus helps make sense of why forbearance is a stable, uniform outcome in the case of squatting, as documented in Chapter 3.

The rest of this chapter is organized as follows. I begin by discussing my empirical strategy and measures of key variables: enforcement, street vending, and state capacity. Second, I present the empirical analysis, showing both simple bivariate plots and fitting statistical models. Third, I develop the mechanism that connects district demographics and enforcement through qualitative data from the unlikely case of Santiago. Fourth, I show systematically that perceived political costs of enforcement increase with district poverty in politically decentralized cities, and that high electoral costs helps make sense of the differences in enforcement toward squatting and street vending presented in the preceding chapters. I conclude that an intuitive distributive logic provides greater leverage to understand enforcement (and its absence) than alternative approaches.

## **1 Identifying Forbearance**

Studies of enforcement face a measurement and an identification challenge. A count of enforcement alone cannot distinguish between perfect control of a small number of offenses and limited control of numerous offenses. What I want to measure is enforcement effort, where forbearance implies limited effort given the magnitude of the problem. In Chapter 3, I relied on

process tracing to separate the portion of enforcement explained by political choice versus administrative constraints. In Chapter 4, I used a threshold definition of whether governments exerted any effort, but this dichotomous operationalization ignored variation in *how much* effort a government exerts and, as with any categorical definition, could be criticized as an arbitrary standard. More systematic comparisons, however, run into a problem because data on both enforcement and the universe of offenses (the “denominator problem”) are rarely available across time and cases. Most empirical studies rely on strong assumptions that either the underlying distribution of offenses is constant across observations or that the probability of enforcement is constant. The empirical test of the theory developed here instead relies on my original survey of district governments to develop comparable measures of both offenses and enforcement. This feature allows me to expand the number of predictions that I should observe if my theory holds.

### 1.1 *Empirical Strategy*

How to compare enforcement across different offense levels presents obstacles due to reverse causality. We expect enforcement to respond to the number of offenses, and we also expect the number of offenses to respond to enforcement. It is therefore natural to think of enforcement as an equilibrium outcome determined by supply (enforcement as a function of offenses) and demand (offenses as a function of enforcement), as in Figure 5.1.<sup>1</sup>

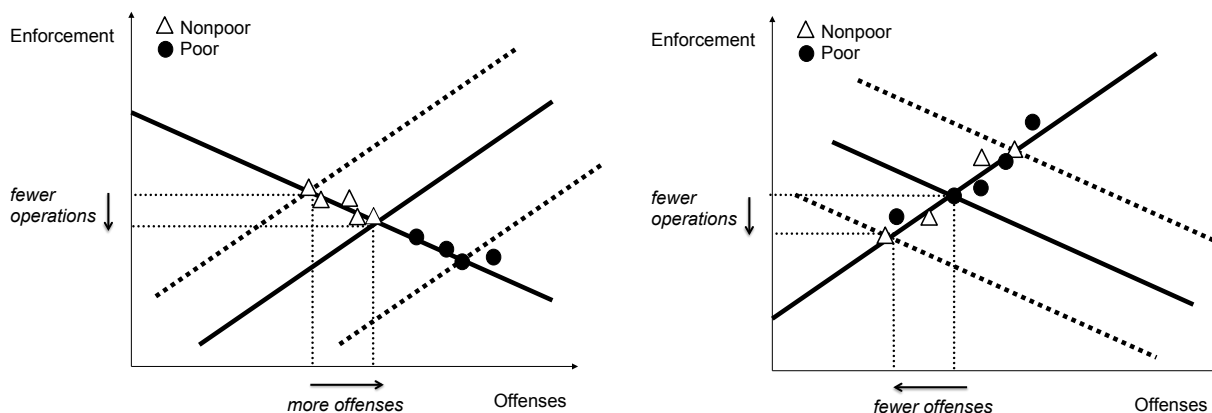
In this equilibrium framework, forbearance represents an outward shift in the enforcement supply curve. The left panel of Figure 5.1 makes clear that a supply shift decreases enforcement and thus *increases* the number of vendors. Critically, this approach distinguishes alternative means through which a reduction in enforcement can be observed. The right panel shows that a demand

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<sup>1</sup> These relationships are depicted as linear for simplicity’s sake, but the functional form is unknown (and likely non-linear because the marginal costs of enforcement increase with the number of offenses). “Prices” in this model can be thought of as the cost to the offender of violating the law.



shifter, such a drop in the profitability of street vending, *decreases* the number of street vendors and thus enforcement.



**FIGURE 5.1. Supply (Left) and Demand (Right) Shifts in the Enforcement-Offense Equilibrium**

I examine whether electoral politics leads politicians to shift the supply of enforcement by selecting cities that differ in their electoral structure. Political decentralization changes the distribution of class groups within electoral districts and the level at which enforcement policy is determined. I draw on classic accounts of local public goods provision to predict how forbearance is distributed under decentralized and centralized political systems (Besley and Coate 2003; Oates 1972).

The intuitive idea is that political decentralization produces uneven enforcement across districts, as politicians tailor enforcement to the poverty level in their electoral district and disregard spillover effects. If the main source of variation across districts comes from differences in how politicians choose to supply enforcement, then districts should trace out a downward sloping curve in the cross-sectional data, as in the left of Figure 5.1. Poor electoral districts should conduct fewer enforcement actions and attract *more* vendors.

Politically centralized cities constitute a single electoral district with a mayor who sets enforcement policy for the city. I predict that policy varies over time with the mayor's core

constituency. In theory, a politician charged with enforcement for the entire city also could differentiate enforcement levels according to heterogeneous tastes in each local district. But a mayor who represents an entire city internalizes both the benefits and costs imposed on others. She allocates resources to achieve the maximum reduction in negative externalities at the minimum cost to the people committing the offense, which likely requires enforcement in areas with the highest rates of the offense. As such, most variation in enforcement across districts comes from differences in the number of violations. I expect a positive relationship between offenses and enforcement under centralization like on the right of Figure 5.1.

While bivariate correlations provide an initial test of my theory, I further examine the relationship between district poverty and enforcement using a Poisson regression and controlling for other important district characteristics. The Poisson distribution is appropriate given that enforcement is a count variable with a range restricted to positive integers. My baseline estimating equation is

$$\ln(y_i) = \beta_0 + \beta_1(lower_i) + \beta_2(vendors_i) + \beta_3 X_i + \varepsilon$$

where  $y_i$  is the count of enforcement operations and  $X_i$  are the control variables in district  $i$ .

My first hypothesis is that enforcement operations drop off with the fraction of poor residents in an electoral district. So, district poverty should be a negative and significant predictor of enforcement, but only in politically decentralized cities. Poverty should have no relationship with enforcement in politically centralized cities once controlling for the number of vendors.

I include the number of vendors as a covariate for the limited purpose of observing the difference depending on whether enforcement policy is locally or centrally determined. In politically centralized cities, I expect that enforcement is a function of the number of vendors. The coefficient is positive. But this relationship should be much attenuated or reversed in politically decentralized

cities. There is no clean prediction because my theory implies reverse causality: districts have more vendors because they enforce less.

My second hypothesis is that competition shapes officials' responsiveness to enforcement preferences. In addition to differences across cities due to political decentralization, I look at a mayor's margin of victory. Mayors who win by larger margins enjoy greater office security and will be less sensitive to political costs.

I test my third hypothesis that a politician's core constituency shapes enforcement in two ways. I use partisan affiliation to operationalize partisan support; politicians from the Right should favor more enforcement. In the time series data, I expect less enforcement by mayors who receive higher vote shares from poor voters. Politicians supported by the poor may have an ideological commitment to their interests, or they may attempt to retain and mobilize the poor's backing to win reelection.

I distinguish my theory from capacity-based alternatives in several ways. First, if state authorities are generally less capable or less attentive in poor districts, then demographics should shape enforcement irrespective of electoral rules. Under my theory, in contrast, district poverty predicts enforcement *only* when elections occur at the local level. The contrast of appointed and elected officials also differentiates my argument from optimal enforcement approaches. While I expect that officials in centralized cities respond to the number of offenses, elected politicians manipulate enforcement so that it bears no relationship to offense levels.

I also compare enforcement across cities with different institutional arrangements. While capacity constraints play a larger role in administratively decentralized cities, I still expect political pressures to be a substantively more important explanation for enforcement. The "critical" case for theory testing, however, is a politically decentralized city with a single police force. Capacity-based theories suggest minimal variation when a single institution manages enforcement. My theory

instead posits that politicians choose how to deploy common police resources in response to electoral pressure, such that demographics still predict enforcement variation when local elections occur.

Of course, the same formal institutions do not necessarily translate into the same informal access to policing. To rule out that difference in the responsiveness of police to poor communities accounts for the observed patterns, I compare enforcement against violent crime to street vending. Violent crime is a classic valence issue; the poor and nonpoor reward politicians for improved control. Less criminal law enforcement in poor districts would suggest that institutional debilities or neglectful policing accounts for class-based variation in enforcement. A “Placebo” test of my theory is that poverty should explain enforcement against street vending, but it should not more broadly explain enforcement against crime without distributive implications.

## 1.2 *Measurement*

This chapter draws on my structured survey to the director or sub-director of the district office in charge of street commerce and inspections in all urban districts in Lima, Santiago, and Bogotá for a total of 89 districts.<sup>2</sup> Summary statistics and alternative measures and specifications are included in Appendix D.

The dependent variable is the average number of enforcement operations conducted per month by a district (*Operations*). A challenge is to determine a consistent definition of an enforcement operation. I use the involvement of the national police as a standard in Bogotá and Santiago. Because only the national police can require vendors to identify themselves, which allows authorities to impose fines and decommission goods, police assistance implies an operation of a certain scale. The measure of an operation must be adjusted in Lima. The last chapter emphasized that local police control public space, and national police only supplement district forces to protect

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<sup>2</sup> I dropped rural districts, which means that the sample includes 92 percent of all city districts.

them in large-scale action. As such, in Lima, I use the retention of merchandise or equipment from a group of vendors as the threshold for an operation because it indicates willingness to impose costs on vendors. As one director explains, “If I apply the law as written and take away [vendors] merchandise, I take away their work, so I don’t do it.”<sup>3</sup> I therefore ask officials how many operations the district has requested with the national police, or have involved decommission, in each of the last three months. I average the monthly reports and verify the director’s report with district records and police logs whenever possible. The measurement difference (operations in Lima are on a smaller scale) requires caution in drawing level comparisons across cities. All results are expressed in percent terms.

I also measure the number of unlicensed street vendors in thousands (*Vendors*). I ask each director for the district’s estimates and records on unlicensed vendors. In about half of cases, these records come from local vending censuses, and in the other half, they come from inspection team estimates.

The main explanatory variable of theoretical interest is the district’s class composition. I code the portion of lower class residents (*Lower*). This government measure classifies households by reported income, education levels, durable goods, employment status, and social benefits. While I check an alternative measure of poverty based on unsatisfied basic needs, class stratifications better capture both a household’s economic level and its precariousness.

Given that the dominant alternative explanation focuses on resource constraints, I include the district budget per capita as a control variable (*Budget*). Budgets are an imperfect proxy for

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<sup>3</sup> Author interview with Director of Citizen Security and Inspections, District of Puente Piedra, Lima, Peru, June 20, 2011. Officials in Santiago and Bogotá repeat these sentiments with respect to police assistance. For example, one director in a poor district in Santiago puts it, “To call in the Carabineros would create a huge social problem because the police can take out everything...they bring the law in too strong of a form when they decommission merchandise.” Author interview with director of inspections, District of Quilicura, Santiago, Chile, June 25, 2012.

capacity so I check alternatives, including the number and salary of bureaucrats, police infrastructure, and local tax collection. Population likely affects the amount of enforcement, as well as the number of street vendors, and therefore is included as a control (*Population*). I also recalculate all variables in per capita terms.

To operationalize competitive threats, I calculate the mayor's margin of victory (*Margin*) as the percentage of votes for the winning candidate less the percentage won by the second-place candidate. A wide margin suggests greater office security.

Of the cases, only Chile boasts an identifiable political spectrum to test the role of partisan constituencies in the cross-sectional data. There are three parties that form a block on the Left, the Concentration (*Concentración*) and two parties that form a coalition on the Right, the Alliance (*Alianza*). I therefore include an indicator variable (*Right*) that takes on the value of "1" if the district mayor is a member of an Alliance party, which is the case for half the districts.

To examine enforcement patterns in the absence of distributive incentives, I use arrests for hard crimes as a dependent variable (*Arrests*). Arrests indicate that the police have taken action in a case beyond arriving at the scene of a crime. I measure the underlying level of violations using citizen crime reports (*Reports*). I conduct this Placebo test in Santiago, given that it is a politically decentralized city with a national police force. Table 5.1 maps my theoretical hypotheses into empirical predictions.

## **2 Spatial Patterns of Street Vending and Enforcement**

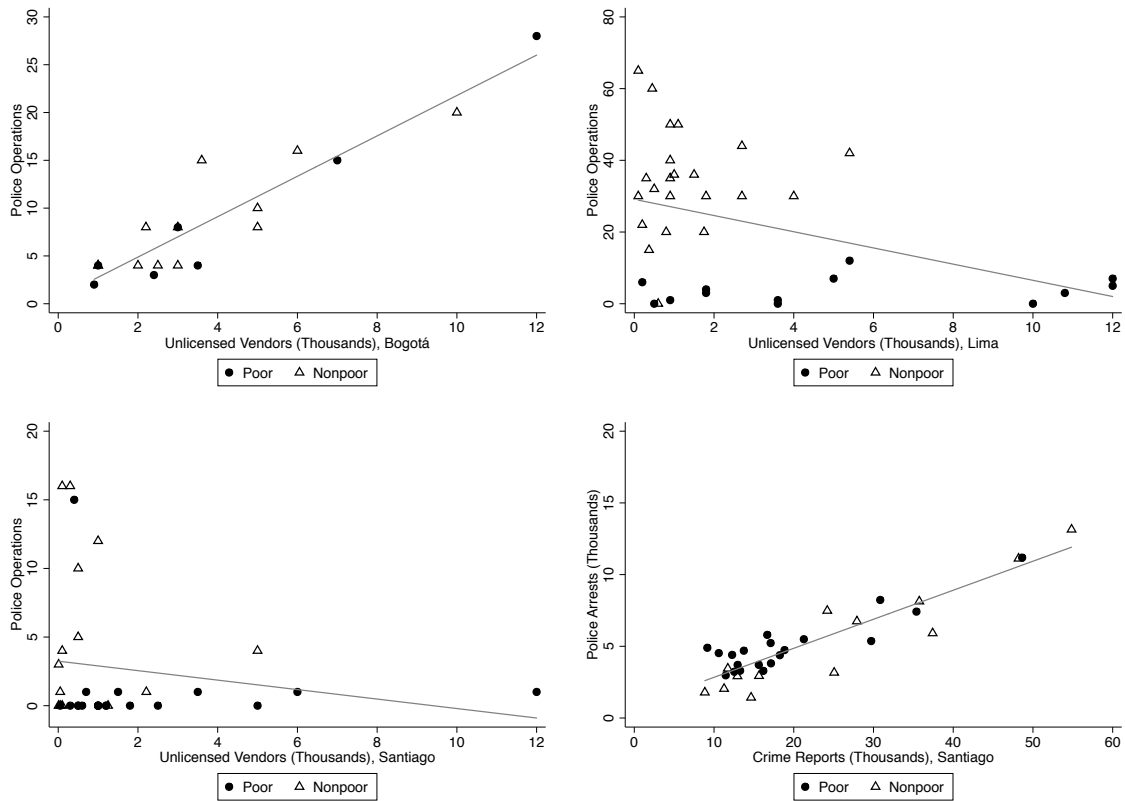
This section examines the empirical results across cities. To begin, I explore the bivariate relationship between enforcement and street vending in the raw data. Figure 5.2 reveals a negative relationship in the politically decentralized cities, Lima and Santiago, as predicted if some mayors do fewer enforcement operations and attract more street vendors. The opposite relationship emerges in the politically centralized case, Bogotá. Districts do more operations when they face more street

vendors. Similarly, enforcement against hard crimes increases roughly in proportion with the number of offenses in Santiago. The observed positive correlation between offenses and enforcement suggests that political supply-side distortions are likely at work to generate a negative relationship in the case of street vendors in politically decentralized cities.

**TABLE 5.1. Theoretical Hypotheses and Empirical Predictions**

Hypothesis	Empirical Prediction
<b>Hypothesis 1:</b> Enforcement decreases with the poverty of an electoral district due to the political costs.	$\beta_{lower} < 0, \beta_{vendors lower} \approx 0$ in Lima and Santiago $\beta_{vendors} > 0$ in Bogotá
<b>Hypothesis 2:</b> District demographics are less relevant under limited political competition.	$\beta_{lower vendors} \approx 0$ $\beta_{margin*lower} > 0$ in Lima and Santiago
<b>Hypothesis 3:</b> Politicians enforce less when their core constituents are poor.	$\beta_{right} > 0$ in Santiago
<b>Alternative 1:</b> Enforcement decreases with the poverty of a district due to capacity constraints.	$\beta_{lower} < 0$ in all cities $R_{budget}^2 > R_{lower}^2$
<b>Alternative 2:</b> Enforcement decreases with the poverty of a district because the police are less responsive.	$\beta_{lower} < 0$ in all cities $\beta_{arrests lower} < 0$ in Santiago
<b>Alternative 3:</b> Politicians enforce in proportion to the number of offenses.	$\beta_{vendor} > 0$ in all cities

To examine the role of district demographics, I shade poor districts, defined as those with more than half lower-class households. Again, the cities follow distinct patterns based on their electoral structures. In Bogotá, poor and nonpoor districts alike enforce in proportion to the problem. In Lima and Santiago, poor districts have more vendors and conduct fewer police operations. Valence crime occurs in all types of districts in Santiago, and enforcement is proportional to the extent of violations. These patterns are consistent with my theory that the combination of elections and district poverty drives enforcement toward street vending.



**FIGURE 5.2. Relationship between Offenses, Enforcement, and District Poverty**

I next use a Poisson regression to probe the relationships of interest. I report the Poisson regression results using the Sandwich linearized estimator of variance to relax the assumption of equal mean and variance.<sup>4</sup> Given the small dataset, the asymptotic standard errors are large and may be overstated if the Poisson assumptions are in fact satisfied. I therefore note where results are significant under the Poisson assumptions but lose significance with robust standard errors. To make the results readily interpretable, Table 5.2 reports the standardized coefficients, or the average

<sup>4</sup> The Poisson fits reasonably (the goodness-of-fit chi-squared test is not statistically significant), but the assumption is frequently violated by over-dispersion and/or excess zeros.



percent change in enforcement for a standard deviation change in the covariate.<sup>5</sup> The size of a standard deviation differs by city so I describe the results for uniform covariate changes in the text.<sup>6</sup>

**TABLE 5.2. Cross-Sectional Analysis of Enforcement: Standardized Poisson Coefficients**

	Bogotá	Lima			Santiago				
	(1)	(1)	(2)	(3)	(1)	(2)	(3)	(4)	(5)
<i>Lower</i>	-0.052 (0.074)	-0.500* (0.069)	-0.473* (0.070)	-0.623* (0.089)	-0.507* (0.237)	-0.490* (0.221)	-0.535* (0.243)	-0.361 (0.259)	0.048 (0.111)
<i>Vendors</i>	0.770* (0.091)	-0.166 (0.113)	-0.150 (0.100)	-0.086 (0.131)	-0.410 (0.306)	-0.495 (0.333)	-0.529 (0.324)	-0.391 (0.202)	
<i>Budget</i>	0.039 (0.051)	0.062 (0.037)	0.127* (0.049)	0.090 (0.060)	-0.138 (0.297)	0.100 (0.353)	0.148 (0.371)	-0.163 (0.240)	-0.628 (0.124)
<i>Population</i>	0.230* (0.076)	0.597* (0.200)	0.595* (0.170)	0.445* (0.172)	0.312 (0.355)	0.797 (0.634)	0.886 (0.695)	0.500 (0.528)	0.101* (0.029)
<i>Margin</i>			0.180 (0.099)	-0.172 (0.171)		-0.493* (0.192)	-0.580* (0.227)		
<i>Margin*Lower</i>				0.530 (0.325)			0.339 (0.777)		
<i>Right</i>								7.028 (4.670)	0.096 (0.093)
<i>Reports</i>									0.492* (0.070)
N	19	36	36	36	34	34	34	34	34
$R^2$	0.467	0.413	0.441	0.473	0.213	0.294	0.295	0.354	0.388

Notes: \* $p < 0.05$ ; Poisson robust standard errors in parentheses; two-tailed tests. The indicator variable for “Right” is not standardized for ease of interpretation. Model 5 uses *Arrests* as the dependent variable.

Model 1 tests and confirms the core argument. Moving from a typical district that is 10 percent lower class to one that is 50 percent lower class (roughly two standard deviations) reduces enforcement by 71 and 78 percent in Lima and Santiago, respectively. District demographics have no significant impact on enforcement in Bogotá, as expected given a centrally determined enforcement policy.

<sup>5</sup> I standardize the coefficient and then use the Stata command `nlcom` to calculate the exponentiated coefficients and standard errors using the Delta method.

<sup>6</sup> The Poisson regression has an exponential structure so, for an  $x$  unit change in a covariate, the percent change in the response variable is  $e^{(\hat{\beta} * x)} - 1$ . Due to the nonlinearity, the standardized coefficients cannot simply be multiplied to calculate the predicted changes.

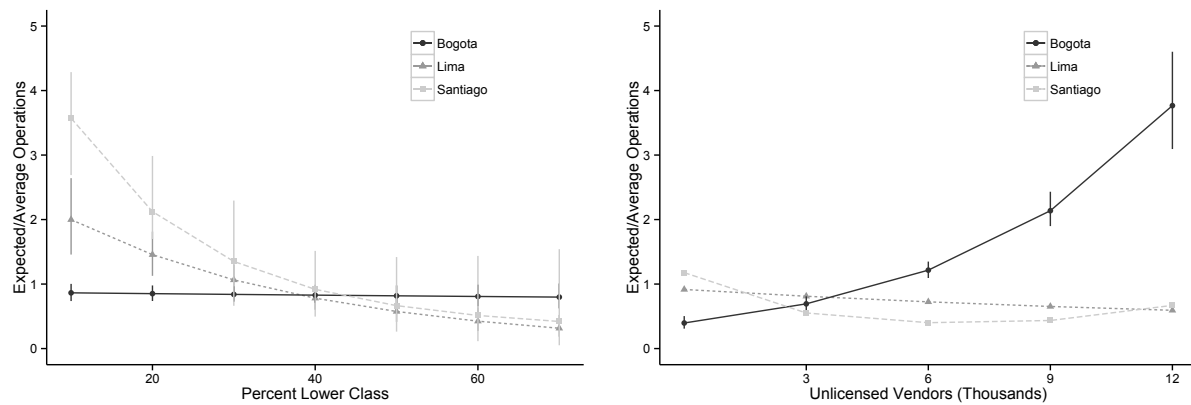
In contrast, the coefficient on the number of street vendors is positive and significant in Bogotá. For a typical district, an increase of 3000 street vendors (a standard deviation) is associated with 75 percent more enforcement. The number of street vendors has no relationship with enforcement in Lima and Santiago. These findings are consistent with the theory that politically centralized cities determine enforcement policy primarily based on the magnitude of violations.

Among the other variables of interest, an increase of \$800 in the budget per capita (two standard deviations) is associated with 13 percent more enforcement in Lima. This finding likely reflects the fact that Lima relies on local police so resources play a larger role in enforcement. Nonetheless, even in Lima, the budget falls just shy of statistical significance and district poverty remains a substantively more important predictor of enforcement. Resources explain just 0.6 percent of the variation in enforcement in Lima, while district poverty accounts for 26 percent. The results are robust to other measures of local fiscal and administrative capacity.

Models 2 and 3 analyze the second hypothesis on the role of political competition. The margin of victory on its own has an inconsistent relationship with enforcement, but the interaction with district poverty points in the predicted direction although failing to reach statistical significance using the Sandwich correction. In a typical nonpoor district, a mayor who wins by 30 percentage points does 42 and 38 percent less enforcement in Lima and Santiago, compared to one who wins by a hair. Meanwhile, a mayor in a poor uncompetitive district does 35 and 11 percent *more* enforcement in Lima and Santiago, respectively. A natural confounder may explain the fragility of these results: a mayor who dominates politics may gain freedom and enforce, but a mayor also may win by wide margins by catering to his constituents' interests.

Model 4 shows that a mayor's core constituency—measured loosely by party affiliation—has a substantial relationship with enforcement. Mayors from right-leaning parties do seven times more enforcement than left-leaning mayors. However, the result is only significant at the 10 percent level.

Finally, Model 5 compares enforcement against valence crime. When crime data are used, the number of offenses is strongly predictive of enforcement as expected. Reassuringly, consistent with my theory, poverty and partisan affiliation do not more broadly predict enforcement against non-redistributive crime.



**FIGURE 5.3. Predicted Enforcement Operations Relative to City Average by District Poverty (Left) and Vendors (Right)**

The regression results confirm that poor districts pursue less enforcement and, contrary to competing theories, this relationship only holds for cities that elect district mayors and distributive offenses. The differences depending on the electoral structure of a city become even clearer when illustrated with a graph. Figure 5.3 plots the predicted number of operations relative to the corresponding city average and the 95% confidence intervals. The left panel shows the predicted relative operations as the share of lower class residents in a district changes. As the figure makes clear, when the share of lower class residents is low in Lima and Santiago, districts do more than double the usual operations. When the share is high, districts execute less than half the average. The flat line at the city mean reinforces that the irrelevance of district demographics in centralized cities like Bogotá. Instead, the enforcement logic in Bogotá becomes clear in the right panel, which illustrates the predicted enforcement operations as the quantity of street vendors changes. More

vendors are strongly associated with more operations in Bogotá, but not in the politically decentralized cities.<sup>7</sup>

The regression results thus demonstrate that poor districts are less likely to enforce, but contrary to capacity-based alternatives, this relationship only holds in cities that elect local mayors and in enforcement against distributive crime.

### **3 The Electoral Costs of Enforcement**

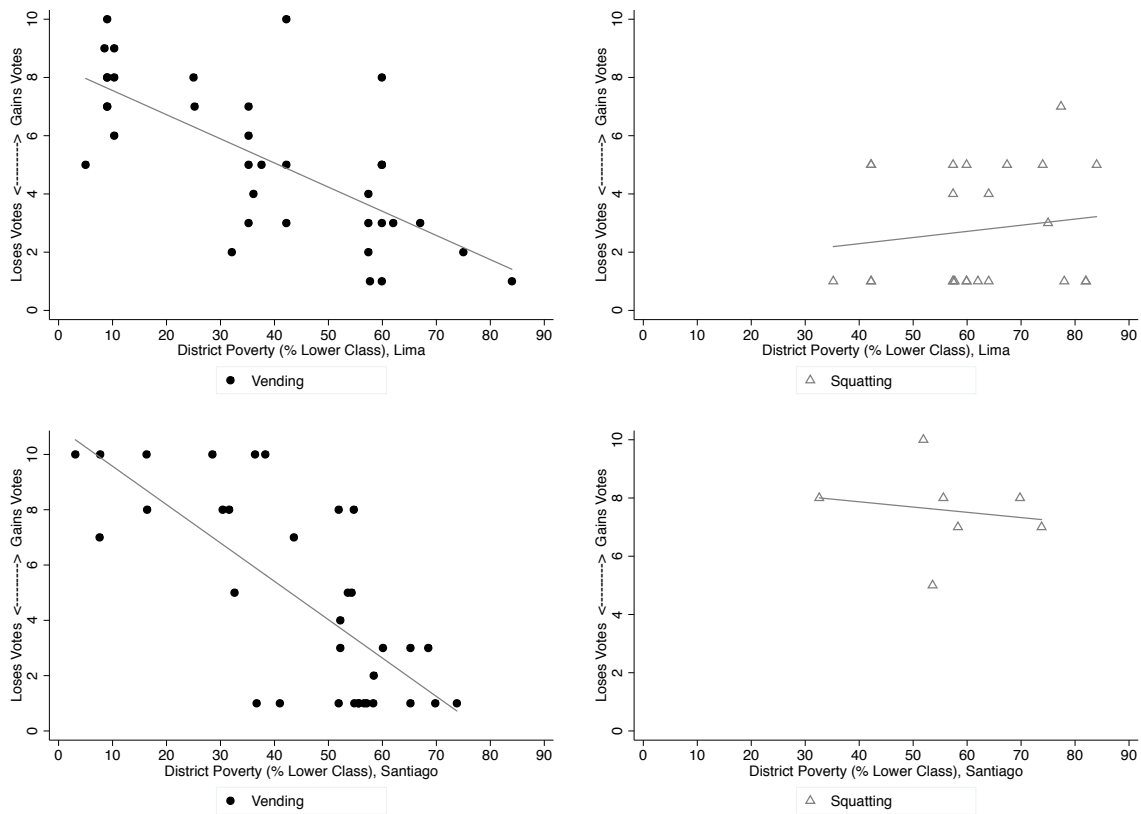
The cross-sectional results suggest that when voters run for office in poor districts, they are less likely to enforce against street vendors. But do voters actually choose to enforce less to build their electoral support and reputation, as my theory suggests, or does some other mechanism link these two phenomena? To evaluate the mechanism—varied political costs—through which district type affects enforcement, I measure bureaucrats’ perceptions of the electoral repercussions from enforcement. “Street-level” actors often have intimate knowledge of enforcement politics; these attitudinal measures lend greater plausibility to the findings. Here, I offer evidence of the mechanism at work across different electoral structures: I expect the electoral costs of enforcement to vary with district type only in politically decentralized cities. Additionally, the electoral costs should be uniformly high for geographically concentrated offenses like squatting that occur in poor districts.

To test my theory that variation in enforcement comes from differences in the electoral repercussions across district types, I again use the question examined in Chapter 3 that asked each district director to rank his perception of whether the mayor loses (coded as a “1”) or gains (coded as a “10”) electoral support if the government enforces the law against street vendors or squatters. Admittedly, it might be the case that bureaucrats and politicians have different perceptions of the

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<sup>7</sup> The large 95% confidence intervals are suppressed for Lima and Santiago on the right panel of Figure 5.3 to highlight the Bogotá result.

electoral consequences than politicians, or that bureaucrats do not accurately report their perceptions on a survey where the stakes are low. But there are compelling reasons to be interested in the patterns that subjective perceptions reveal. Local politicians rarely have poll information. It is not uncommon for them to consult bureaucrats on how the community will respond to enforcement. This measure, while noisy, thus helps understand how district poverty connects to less enforcement.



**FIGURE 5.4. Political Costs of Enforcement by District Poverty, Decentralized Cities**

Politically decentralized cities should have a strong negative relationship between district poverty and electoral costs of enforcement. As indicated on the left side of Figure 5.4, I find a clear connection in the case of street vending. While mayors in nonpoor districts are perceived to gain electoral support from enforcement, mayors in poor districts are expected to lose support.

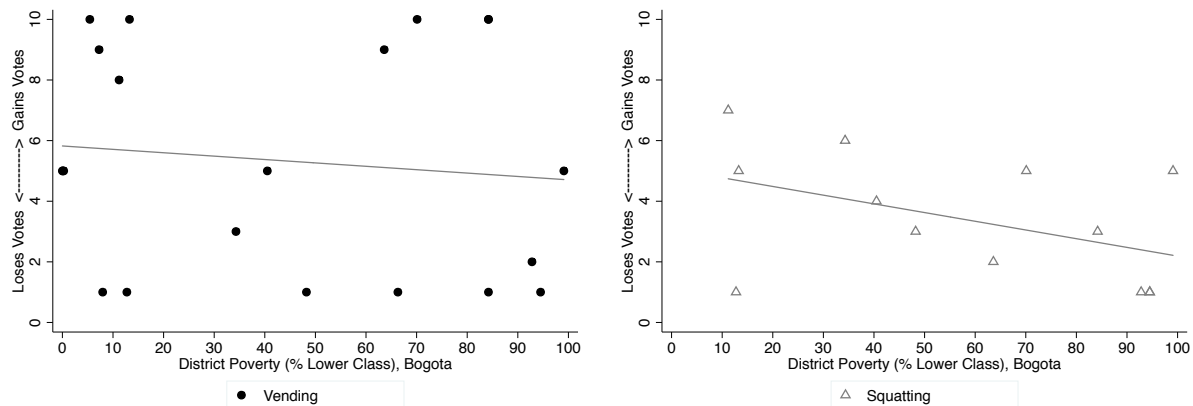
Consistent with my theory, higher anticipated electoral costs are strongly correlated with district poverty in Lima and Santiago ( $\rho=-0.54$  and  $-0.73$ , respectively). Mayors take greater electoral risks when they enforce in poor districts; it is plausible that this motivates them to refrain from action.

The right-column of Figure 5.4 repeats the exercise for squatting. The first thing to note is that there is a clear selection effect: only poor districts contend with squatters. Other than in hypothetical scenarios, it is impossible to measure the electoral costs in nonpoor districts. Focusing on poor districts where squatting actually occurs, the comparison of cities supports my argument that the political costs of enforcement are high where social policy substitutes are absent, as in Peru, but that they fall where the state develops alternative solutions, as in Chile.

In contrast, my expectation is that electoral costs vary little across urban space in politically centralized cities because any support gained locally must be weighed against the broader urban effects. Figure 5.5 repeats the same plot for the politically centralized city of Bogotá. The relationship between perceived electoral costs of enforcement against unlicensed street vendors and district poverty is much weaker ( $\rho=-0.25$ ). Again, this helps us make sense of why district poverty did not predict enforcement in the statistical models for Bogotá. The squatting results actually do show a slight correlation between political costs and district type, but this relationship is too noisy to be meaningful. As expected given truncated housing programs and low visibility of squatting, most bureaucrats believed that the city mayor would lose political support if he enforced against squatters.

In sum, to provide a more systematic assessment that political pressures, rather than resource differences linked district demographics and enforcement, I compared perceived electoral costs across cities for street vending and squatting. I showed that bureaucrats in politically decentralized cities believed that mayors would lose votes if they enforced against squatters in poor districts, and gain votes in nonpoor districts. Consistent with the statistical findings, electoral costs do not vary by district type in a politically centralized city. The contrast between squatting and street

vending also hammers home why enforcement against squatters was minimal. Enforcement lags because the electoral costs of enforcement are uniformly high in the areas of the city where they occur.



**FIGURE 5.5. Political Costs of Enforcement by District Poverty, Centralized Cities**

#### 4 Illustrating the Mechanism in a Least Likely Case: Santiago

The number of street vendors is particularly surprising in Santiago, given that Chile boasts one of the region's strongest economies and substantial poverty reduction programs. I now draw on qualitative interviews from Santiago to flesh out the electoral logic that motivated mayors to forbear, even in the context of a capable police force and bureaucracy. While Chile has the administrative capacity to control street vending, it lacks unemployment insurance for unskilled workers, and job intermediation programs struggle to crowd out demand for short-term employment.<sup>8</sup> The Achilles' heel of past administrations has been employment, and street vending provides an important way to substitute for employment demands in poor districts and signal sympathy for the poor's needs.

This section uses unstructured interviews with politicians to show that the need to provide employment opportunities and project a sympathetic image to poor constituents motivates

<sup>8</sup> Chilean districts place unemployed workers in jobs through the municipal labor intermediation service (OMIL), but their ability to place job seekers varies greatly across time and space (Pribble 2013b).

politicians to forbear in poor districts. In contrast, officials in nonpoor districts believe that their job is not to solve employment problems for the poor, and that enforcement demonstrates their commitment to cleanliness and efficient management. Here, I try to give a sense for variation across district types in Santiago; similar themes emerged in Lima where mayors also are elected at the local level. To show that differences in district composition, rather than political ideology, explain the enforcement logic even in a country with programmatic parties at the national level, I compare the behavior of the same mayor who switched electoral districts in Santiago.

#### 4.1 *Informal Welfare Provision*

Elected officials varied in their beliefs that forbearance toward street vending was a necessary form of informal employment provision. In poor districts, politicians emphasized that forbearance offers distributive benefits to the poor, and that they were unwilling to enforce absent other alternatives to meet their constituents' social needs. Even in a comparatively strong economy like Chile's, officials lamented that jobs were unstable and low-quality—leading to temporary periods when the poor needed to work as street vendors to smooth or supplement their incomes—and that specific groups like older workers, single mothers, the disabled, and unskilled workers struggled to find work—leading to structural unemployment that street vending addressed.<sup>9</sup> Politicians' observations that street vending is a “palliative for macro problems”<sup>10</sup> and a visible “reflection of labor market flexibility and declining industrialization” were typical of the links made between

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<sup>9</sup> Author interviews with director of inspections, District of Quinta Normal, Santiago, Chile January 10, 2012; director of normalization and inspections, District of La Pintana, Santiago, Chile, June 15, 2012.

<sup>10</sup> Author interview with Tamara Homel Navarro, Councilor, District of Pudahuel, Santiago, Chile, January 17, 2012.



forbearance and unemployment problems.<sup>11</sup> Some mayors voiced indignation about economic and spatial inequality in Santiago that forced poor districts to rely on forbearance. They stressed that unemployment rates are much higher in poor districts, and that districts in the periphery have smaller budgets and fewer connections with private business to meet the poor's needs through labor intermediation programs.<sup>12</sup> While all local governments in Santiago have an office for labor intermediation, officials in poor districts emphasized that employment positions were inadequate to meet demand, particularly in poor districts. A councilor in a poor district captured how this inadequacy led her to support forbearance:

“The municipality has its office of labor intermediation, but it can't deal with the number of people who need jobs in this district and so this is a way to help poor people from the sector. We can't have more police or resources to clean up the markets until this district solves the unemployment issue, so at this time, I think that the disorder is necessary for people to work.”<sup>13</sup>

Politicians in poor districts were quite explicit that forbearance toward street vending was one option that they had to assist constituents. Claudia Lange, a local councilor from the popular conservative party, UDI, provides a typical example of this perspective. She described how people came to her office asking for help with a job, food or money to help them get through a period of unemployment. While she works with a congressman in her district on local initiatives, so far she has been unsuccessful in finding jobs for her constituents. Instead, Lange helps the unemployed set up as street vendors by buying them raw materials like ingredients to make Chilean snacks (*sopapillas*) or having friends donate used clothes to start selling in rotating street fairs without a license. She said that the mayor knew not to call the police against the unemployed who began to work as street vendors. When asked if encouraging vendors to work without permits fomented illegality, Lange

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<sup>11</sup> Author interview with anonymous councilor, District of Quinta Normal, Santiago Chile, January 10, 2012.

<sup>12</sup> Author interview with Pedro Isla, Mayor, District of San Ramón, Santiago, Chile, June 21, 2012.

<sup>13</sup> Author interview with Councilor, District of Puente Alto, Santiago, Chile, June 20, 2012.

replies, “What are the other possibilities? The poor want things immediately that day, but I help them to get the tools they need to generate income in the longer term. It isn’t clientelism because I’m not just giving them things, this is a way to help them get started and people are always grateful for the opportunity to work.”<sup>14</sup> Other politicians were less direct in the assistance that they provided to street vendors, or as another councilor put it, “We never tell people to go to work as street vendors, but they’ll ask the mayor what to do when out of work and whether they can join the unlicensed vendors at the end of the market [*la cola*]. And [the mayor] will say that no one will stop you.”<sup>15</sup>

Politicians in poor districts like the one that Lange represents who view forbearance as a necessary way to work responded to questions about why they avoided enforcement in two ways. First, they tended to emphasize that the median voter in their district did not demand enforcement. Bureaucrats said that residents tolerated unlicensed street vendors as long as the negative externalities of their activities, such as noise, garbage, or direct competition with local businesses were contained. They “took the point of view of the poor” given that “many people have suffered poverty.”<sup>16</sup> One bureaucrat made a direct comparison with nonpoor districts,

“If this were a rich district, then you’d have to protect the sidewalk of rich people because they don’t like seeing poor people in the streets. But in this district, everyone has a modest economic level and if some people with a little bit less are working in the streets, the other residents don’t get annoyed...they put themselves in the position of the vendors and understand their needs.”<sup>17</sup>

There also was a second type of response that pointed to what would happen if the government enforced the law against street vendors. Officials and politicians commonly discussed

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<sup>14</sup> Author interview with Claudia Lange, Councilor, District of San Ramón, Santiago, Chile, June 19, 2012.

<sup>15</sup> Author interview with local councilor, District of San Bernardo, Santiago, Chile, June 23, 2013.

<sup>16</sup> Author interview with head of inspections, District of La Pintana, Santiago, Chile, June 15, 2012. Bureaucrats in other districts, such as Conchalí, told stories that bureaucrats got fired when they decommissioned merchandise from vendors.

<sup>17</sup> Author interview with head of judicial affairs, District of Renca, Santiago, Chile, June 27, 2012.

the “social cost” of enforcement by which they mean the dislocations caused by denying the poor the basic goods achieved through forbearance. Bureaucrats in poor districts also said that the mayor would not use enforcement because the police could not discriminate between vendors who needed to be in the streets out of necessity and those with other income sources. Descriptions of police operations as a “blunt instrument”<sup>18</sup> and “bringing the law in too harsh a form”<sup>19</sup> are indicative of these concerns.

Mayors in nonpoor districts, in contrast, rejected forbearance as a way to solve employment issues and stressed that their constituents demanded enforcement. Officials tended to emphasize that social agencies were assigned to address employment issues, not the police. The director of operations in Las Condes, a wealthy district, for example, spoke about a separation of responsibilities, “Our job is not to solve the country’s social problems, there are all types of program for that...If lawmakers want to change the law so that some can stay, then I’ll change how to do my job.”<sup>20</sup> Other officials stressed that the mayor received a mandate from constituents to enforce. As one official bothered by the social costs of enforcement put it, “We don’t want to be a punishment entity, but here, all the neighbors want to live in a clean neighborhood and the mayor made a clear promise to control vending.”<sup>21</sup>

The qualitative evidence thus suggests that the weight put on informal welfare concerns differs depending on the type of constituency that politicians represent. Officials in poor districts thought that the public would react poorly if they enforced, and that as long as the externalities were contained, people showed solidarity with vendors. In nonpoor districts, officials stressed that

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<sup>18</sup> Author interview with head of rents, District of San Bernardo, Santiago, Chile, June 23, 2012.

<sup>19</sup> Author interview with head of rents and inspections, District of Quilicura, Santiago, Chile, June 25, 2012.

<sup>20</sup> Author interview with director of inspections, District of Las Condes, Santiago, Chile, June 29, 2012.

<sup>21</sup> Author interview with director of inspections, District of Vitacura, Santiago, Chile, July 4, 2012.

unemployment and poverty were not their concerns, and residents supported enforcement.

#### 4.2 *Signaling*

The second major concern of politicians was the signal conveyed by enforcement. In the absence of welfare substitutes, politicians can use forbearance or enforcement to signal their distributive commitments, namely whether they are with the poor or with the nonpoor.

Bureaucrats in charge of enforcement described their jobs as “political work”<sup>22</sup> and called operations “the face of the mayor” because enforcement is publicly observable. Given this visibility, bureaucrats in poor districts described that mayors risked their reputation for understanding the poor if they enforced against street vending:

“If you bring the police, you are worse than Pinochet...The mayor tries to be part of the community, always trying to help the community, so he can’t go against them in this public way. The day we try to force an unemployed man to stop selling things in the streets, the cameras will come out to the district and poor people will denounce the mayor as a traitor.”<sup>23</sup>

Mayors in nonpoor or mixed-income districts, by comparison, emphasized that enforcement showed a “modern” district and “efficiency.”<sup>24</sup> Even though the public was not uniformly supportive of enforcement, there were gains from appearing to respect the rule of law. As one politician commented on the signaling calculation in a nonpoor district:

“From a human perspective, these are people who support families and it is viewed as an abuse to repress their activity and there are always people who take up the common cause. But at some point, the mayor realized that more people in this district applauded control...and that it made him seem decisive, like he respected the residents’ desire for cleanliness and clear streets.”<sup>25</sup>

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<sup>22</sup> Author interview with director of rent and inspections, District of Quilicura, Santiago Chile, June 25, 2012.

<sup>23</sup> Author interview with director of inspections, District of Pedro Aguirre Cerda, Santiago, Chile, June 26, 2012.

<sup>24</sup> Author interview with director of citizen security, District of Las Condes, Santiago, Chile, July 4, 2012.

<sup>25</sup> Author interview with councilor, District of Providencia, Santiago, Chile, January 6, 2012.

Explanations in this signaling category thus highlight how voters view politicians when they choose to enforce. Notably, the signal of enforcement in Santiago had more to do with administrative efficiency. In Lima, where levels of government corruption are higher, as we will see below, mayors of nonpoor districts were more likely to enforce to show that they did not accept bribes or manipulate the law as a political favor.

This signaling explanation for forbearance is not mutually exclusive with the first category of observations about the informal welfare effects. Both types of responses are predicated on a view of forbearance as a tool to tailor welfare policy to citizens' demands depending on the district where politicians are elected. Whether or not politicians genuinely care about the poor's welfare, or whether they want to appear that they care, the electoral incentives not to enforce in poor districts are strong.

#### 4.3 *Mayors Who Move Districts*

A logical question in the case of Chile, given a coherent Left-Right party spectrum, is whether political ideology instead drives enforcement. My claim is that concerns about the welfare costs and signals conveyed by enforcement transcend ideological divisions. An example of a mayor who ran for office in different electoral districts exemplifies this point. Again, my theory is that politicians should shift their enforcement behavior depending on a district's demographic composition. An alternative theory is that political ideology undergirds variation in enforcement, and thus enforcement remains constant regardless of constituency.

A notable illustration of the weak impact of partisan ideology comes from the career of a mayor of Santiago, Pablo Zalaquett (2008-11). Zalaquett represents the conservative party, the UDI. Zalaquett began his career in politics as the mayor of a poor district, La Florida. La Florida conducts minimal enforcement operations against street vendors because forbearance elicits public

sympathy and votes. Prior to recent elections, for example, the mayor appointed a special advisor to manage street vending. The head of inspections explains that the appointment was a way to boost forbearance: “The mayor has appointed someone who thinks that a person’s income changes the legality of what he is doing...This is a poor district so the mayor thinks that it shows that he understands the people.”<sup>26</sup> Licensed vendors protested that unlicensed street vending should not be a way to resolve unemployment problems.<sup>27</sup> Photos released to the press show that Zalaquett similarly allowed street vendors to work unchecked in La Florida.<sup>28</sup> This finding confirms past studies that show the UDI takes a “segmented approach” in which it unites an upper class core constituency on ideological grounds with targeted distributive appeals to poor voters (Luna 2006, 2010).

In 2008, Zalaquett ran for mayor of Santiago, a middle-income district and business center. Still representing the UDI, Zalaquett promised frequent control operations against street vendors and emphasized order in his “I Want a Clean Santiago” campaign. Zalaquett’s opponents tried to shame him for his inability to control street vending in La Florida. Nonetheless, fulfilling his promise, Zalaquett has conducted frequent street vending control operations in Santiago center. The change in behavior—the same politician with the same party has pursued radically different enforcement operations as he moved districts—is one example of how constituency interests overwhelm partisan ideology.

Beyond partisan ideology, the impact of political legacies of the dictatorship cannot explain variation in enforcement across districts or sectors. Many officials and politicians, primarily from the political Left, contrasted forbearance against street vending to Pinochet’s repression and

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<sup>26</sup> Author interview with José Luis Fouticelle, Head of Inspections, Municipality of La Florida, Santiago, Chile, June 20, 2012.

<sup>27</sup> “Comerciantes de las ferias libres de La Florida agudizan su lucha contra los coleros,” 15 Nov 2010, *El Paradiario* 14.

<sup>28</sup> “Ravinet acusa a Zalaquett de fomentar el comercio ambulante en La Florida,” *El Mercurio* 14 Oct 2008.

disregard for the poor. If concerns about being perceived as continuing the military government's tactics drove enforcement, then it would only amplify the impact of partisan affiliation. The structure of Chile's party system was deeply influenced by the legacies of the dictatorship (for example, see Torcal and Mainwaring 2003). Mayors on the Left would avoid enforcement, regardless of the type of district where they stood for office. Instead, the effect of partisan affiliation is weak. Moreover, concerns about replicating authoritarian tactics did not lead to forbearance against squatting, as detailed in Chapter 3. When social policy substitutes are available, mayors enforce, even though Pinochet used a very heavy hand to repress squatting. References to the dictatorship provided a way for mayors to discuss their reputational concerns of being perceived as "anti-poor," but they cannot explain enforcement variation across district or sector.

## 5 Alternative Explanations

Much of the existing literature treats limited enforcement as an undesirable consequence of weak state capacity. It is possible that district poverty captures understaffed and underfunded bureaucracies that *cannot* enforce state regulations, rather than differences in political choices to enforce. To summarize my findings on the relative importance of resources and politics across cases and sectors, I return to the question discussed in Chapter 3 in which I asked bureaucrats what they consider to be the main limitation—political intervention or resource constraints—on their ability to enforce. Table 5.3 shows that bureaucrats divide in what they consider the primary constraint, and many do discuss resource constraints including the availability of cars, staff, storage space (for decommissioned merchandise), and legal aid. But in every case, political interference is *at least as* important as resources, if not more so. In some instances, such as squatting in Bogotá, bureaucrats overwhelmingly view political intervention to avoid social and political costs as what stops enforcement. The more common case is that bureaucrats see both resources and politics as

conspiring against effective control.

Another explanation centers on the corruption of “street-level” bureaucrats. These theories expect a gap between the way that politicians and senior officials *want* to enforce laws and how bureaucrats implement their directives. The way that I evaluate the importance of corruption is by asking local government officials whether they believe that informal associations bribe police officials to prevent enforcement. Table 5.4 reports bureaucrats’ perceptions across cities and sectors. Consistent with my expectations, bribery is perceived to play a role in the case of Lima. However, bribery is considered to be uncommon in Bogotá and Santiago. Not a single bureaucrat reported that it was common for street vendors or squatters to bribe the police in Santiago. While underreporting may explain the lack of reported corruption, leaders of street vending associations corroborated them. None of the two-dozen street vending leaders that I interviewed in Bogotá and Santiago reported paying bribes to the police. Around half of street vending leaders do pay the police in Lima. We can thus conclude that corruption is not a necessary condition for forbearance. Forbearance occurs even in Santiago where there is overwhelming evidence that the police are clean and bribes are rare.

**TABLE 5.3. Perceived Primary Constraint on Enforcement by City and Sector**

	<b>Bogotá</b>		<b>Lima</b>		<b>Santiago</b>	
	squatting	vending	squatting	vending	squatting	vending
<i>Intervention</i>	0.67	0.63	0.46	0.43	0.80	0.50
<i>Resources</i>	0.27	0.21	0.42	0.32	0.20	0.42
<i>Both</i>	0.07	0.16	0.13	0.24	0.00	0.08

Theories focused on “street-level bureaucracy” assume that local level officials take autonomous decisions about how to enforce that go against the orders of local politicians; my survey results suggest that politicians are deliberate in their positions *not* to enforce the law. Instead,



it is often bureaucrats who express frustration at political intervention in enforcement. Qualitative evidence confirms this point. Santiago maintains a well-trained and professional bureaucracy even at the local level. On average, bureaucrats in charge of street vending enforcement have worked in the district for 13 years, have college degrees, and enjoy stable labor contracts (in Lima and Bogotá, average tenure length was under one year and most employees worked on short-term contracts). Yet, even in poor districts where institutional resources are more limited, officials in Santiago characterized enforcement as an option. Politicians could call in the police, but they were unwilling to take such decisions. In many cases, bureaucrats stressed that politicians interfered to prevent them from doing their jobs and ordering police operations. A local inspector in Santiago captures a common dynamic where some mayors blocked bureaucrats' attempts to enforce:

“Under the past mayors, I would propose control operations and the mayor or councilors would block enforcement on the grounds that the people affected were poor or out of work, or that decommissions would be something that only the Right would do. This mayor is more respectful of my decisions...but nothing generates more political thought or discussion than enforcement because no one likes to look like they don't care about the poor.”<sup>29</sup>

**TABLE 5.4. Perceived Corruption in Enforcement by City and Sector**

	Bogotá		Lima		Santiago	
	squatting	vending	squatting	vending	squatting	vending
<i>Common</i>	0.17	0.04	0.45	0.42	0.00	0.00
<i>Uncommon</i>	0.75	0.85	0.45	0.54	1.00	0.97
<i>Unsure</i>	0.08	0.11	0.09	0.03	0.00	0.03

Another common fear was that enforcement operations would lead bureaucrats to get moved into less prestigious roles. A bureaucrat in a poor district exemplified this censorship saying that, “The mayor and councilors respect my decisions, not every district has this support...but I know not to go too far and not to decommission merchandise or I might get

<sup>29</sup> Author interview with head of inspections, District of Cerro Navia, Santiago, Chile, January 18, 2012.

shifted to another office. I know that politicians need to let people do things that resolve their problems to get votes so we can't create problems for them."<sup>30</sup> Even with a high-quality civil service, bureaucrats feared demotions or transfers if they opposed the mayor.

In sum, this chapter found a variety of forms of evidence against state capacity-based theories. The regression results controlled for resources at the sub-city level. I showed that district demographics remain a significant predictor of enforcement even after accounting for resource disparities. I also showed that enforcement against other forms of crime that all citizens prefer to control do not vary by district demographics. It is not the case that the Chilean police more broadly ignore poor districts. This section reinforced the statistical findings by showing that bureaucrats find political intervention to be a more important constraint on their actions than resources or corruption in the police. Even in a case like Santiago that is known for effective police and courts, bureaucrats complained about politicians controlling enforcement to suit their electoral aims. Of course, state capacity is not irrelevant. In particular, greater administrative and fiscal decentralization resulted in more reports of problems within the bureaucracy. Where bureaucracies are funded by local taxes, as in Lima, spatial inequalities translate into major differences in the training and resources of bureaucrats. Nonetheless, politics is named as at least as important of a determinant of enforcement in Lima. These observations are more consistent with an explanation in which political calculations drive enforcement, rather than coercive or administrative capacity alone.

## **6 Conclusions**

This chapter asks why some politicians opt *not* to enforce the law against the poor. To answer this question, I shift the analysis away from the traditional focus on fiscal and institutional constraints and consider enforcement's distributive effects. Forbearance toward offenses primarily

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<sup>30</sup> Author interview with head of inspections, District of La Pintana, June 15, 2012. Bureaucrats in other districts, such as Conchali, told stories that bureaucrats got fired when they decommissioned merchandise from vendors.

committed by the poor can help a politician gain votes among the poor, but it may cost a politician support from the middle class. Under political competition, politicians forbear when they require the poor's support to win office. The statistical results are consistent with the claim that enforcement follows an electoral logic in which politicians choose enforcement levels to serve their constituents. Poverty decreases enforcement when elections occur at the local level, while having little effect on enforcement in less competitive settings or against hard crime that angers all class groups. These relationships hold even in a context of institutional strength like Santiago. A focus on electoral geography also helps make sense of comparatively limited enforcement against squatting. The overlap between district poverty and informal land takings means that mayors rarely have incentives to enforce, while they have variable incentives depending on the type of district where they run for office in the case of street vending. Taken together, these multiple tests of my theoretical expectations –within and across cities and sectors – provide robust and wide-ranging support for my theory of forbearance as a form of redistribution.

## Chapter 6

### Conclusions

Historically, social expenditures have done little to aid the informal sector poor in Latin America. Spending in many countries and policy areas remains reserved for those with steady formal sector employment. While some countries have expanded social benefits in recent years, many others have done far less to include those outside the formal sector and redirect spending in their favor. The uneven pace of contemporary reforms raises a wider puzzle about how it is possible that social expenditures barely improve the income distribution in some of the most unequal societies in the world. Why have the informal sector poor been unable to redirect social expenditures more decisively in their favor under democracy?

This question pushed me to investigate what the urban poor get out of Latin American welfare regimes. As I noted in the introduction, this project questioned the premise that the poor want more welfare expenditures and fail in their efforts. The informal sector poor often are skeptical that they will benefit from the welfare state for good historical reasons. Instead, the main theoretical contribution of this study is to show how *informal welfare policy* hugely shapes the lives of the informal sector poor and reconfigures welfare politics.

The benefits at stake from forbearance surpassed state expenditures in many arenas. Just reflect on a few simple descriptive statistics presented: after decades of informal housing construction more than two-thirds of the urban poor in Lima now are homeowners. A third of the urban poor in Bogotá once have depended on income from street vending. By contrast, housing and employment programs have reached comparatively few poor households. A basic lesson of this study is that the ways that laws are enforced should not be treated as trivial choices. Forbearance has been a consequential way in which many Latin American states provide for the urban poor, and a means through which the poor engage the state.

The tolerance of legal violations also has been a deliberate choice. To underscore the intentional nature of enforcement decisions, this study developed the concept of forbearance and then honed in on its electoral logic. To recap the central argument, two main factors shape how politicians decide to enforce laws that the poor violate. First, the social welfare context affects the electoral incentives to enforce by shaping the nature of the demands that the poor make on politicians and the signals that politicians, in turn, send to voters. On the one hand, paltry or truncated social policies leave the poor's distributive needs unmet, displace their demands to local politicians, and lead voters to associate enforcement with anti-poor politicians. This process reduces incentives for local politicians to enforce. Substitutive social policy, which entails targeted in-kind expenditures on the poor, on the other hand, funnels distributive demands to state authorities and attenuates the distributive cues sent by enforcement. Hence, social policy substitutes make enforcement more likely.

Second, where social policies fail to meet the poor's basic needs, the electoral geography influences when and where politicians will enforce. Politicians gain greater latitude to enforce when they can win elections with the support of nonpoor core constituencies, as seen in citywide elections or in nonpoor sub-city districts. Districts that concentrate poor voters lead politicians to attend to their constituency's distributive needs and forgo enforcement to boost welfare informally and signal their support for the poor. The overlap of offenses and district poverty, when elections are held at the local level, makes enforcement unlikely.

These claims underscore the strategic—and deeply democratic—nature of enforcement against laws with progressive effects. “Weak” enforcement in urban Latin America does not necessarily imply a weak state that cannot regulate the behavior of its citizens. To the contrary, forbearance can indicate healthy electoral democracy in which politicians tailor policies to local preferences and search for more equitable outcomes given the constraints posed by truncated or

inadequate welfare states.

I looked for a range of empirical implications that distinguish my theory from dominant alternatives moored in state weakness. These included observations that the poor support forbearance and candidates who advocate it (Chapter 2), that politicians block enforcement on welfare and electoral grounds even after bureaucrats perform their roles (Chapter 3), that enforcement choices vary with politicians' core constituencies irrespective of available resources (Chapter 4), and that electoral rules and district demographics predict enforcement patterns even in "strong" states (Chapter 5). The accumulation of anomalies in state capacity-based theories is simply too great to dismiss as an issue of measurement error. Moreover, each of these basic tests was supported by rich and varied qualitative data, including interviews, newspaper archives, campaign materials, administrative records, and secondary sources. These data reinforced that citizens, state officials, and politicians think of forbearance as a form of redistribution on the cheap.

Methodologically, this study makes a contribution in showing how we can operationalize forbearance. The twin challenges of comparing enforcement effort given unknown offense levels, and separating situations when governments cannot enforce the law from those when they will not enforce it, mean that forbearance has not been documented empirically. A focus on the city and subcity level allowed me to collect measures of both enforcement and offenses, and to use differences in social policy structure, core constituencies, and electoral rules to generate distinct empirical predictions. The basic methodology employed here could be replicated elsewhere, in this way building an even more comprehensive theory of forbearance across offenses and countries from the subnational level upwards.

This concluding chapter addresses the implications of the use of forbearance as an informal welfare policy. I first situate the findings in the context of debates on the electoral behavior of the urban poor, state capacity, enforcement, and welfare regimes. Woven in this discussion, I consider

the generalizability of my findings and future directions for research. I also revisit the normative tension inherent in forbearance: it offers much-needed and substantial support, particularly for groups outside the egis of the formal welfare state, yet it also can perpetuate truncated welfare states, exclusionary citizenship regimes, and stratified economies. The poor settle with a revocable system of welfare provision that they must bend laws to access. I close by speculating on the future role of informal redistribution.

## **1 Political Representation and Accountability**

When I began this project, many voiced skepticism that politicians would admit that they did not enforce certain laws and regulations. A study of forbearance, like work on corruption, would be hindered due to its hidden nature. In the course of my fieldwork, however, it became quite clear that politicians did not shy from discussing their enforcement positions. Quite the opposite, I found evidence that enforcement and forbearance were discussed openly in political campaigns and government meetings. Politicians defended forbearance as an issue of distributive justice and a necessity in the context of weak welfare states. This section uses this basic point—that forbearance can be a policy rooted in philosophical principles and extended as a policy to all members of a group—to show how incorporating forbearance advances the discussion on how politicians establish linkages to the urban poor. To begin, I briefly review current debates over the electoral behavior of the urban informal sector to show that they paint a pessimistic and incomplete picture of the poor’s political representation.

Debates over the voting behavior of the informal sector poor begin with the idea of a “representation gap.” The gold standard is that politicians establish programmatic linkages to voters through political parties. Political parties offer packages of policies that they promise to pursue if elected. Voters use party labels to assess which politicians are most likely to represent their interests

across a range of issues. Such a model of party-based representation does a lousy job explaining the electoral behavior of the urban informal sector poor. At a general level, party identification is low and party systems are volatile in many Latin American countries. As Roberts and Wibbels (1999) capture, the weak institutionalization of party systems in Latin America has given rise to “a pervasive sense that political representation has become de-structured or unhinged.” Some scholars blame the growth of the informal sector for this destabilization. Studying Peru’s collapsed parties, Cameron (1994: 10) diagnoses that “[t]he flight from the formal economy and the breakdown of the traditional party system were two sides of the same coin.” Roberts (2002) likewise argues the fragmented nature of informal work gives rise to a “disarticulated classless inequality” that complicates the construction and durability of class-based programmatic parties.<sup>1</sup> Even in countries with coherent national party systems like Chile, parties lose meaning at the local level and the urban poor do not necessarily ally with their “natural” representatives on the political Left (Luna 2010). Latin America’s Left turn depended primarily on the support of middle-class voters (Handlin 2007; Kaufman 2009). The informal sector poor thus largely are seen as apathetic and even potentially destructive of programmatic electoral politics.

The volatile nature of the urban informal sector’s vote has led many scholars to emphasize the importance of clientelism for the poor’s vote choice.<sup>2</sup> Because of their shorter time horizons and greater marginal utility from small material payouts, poor voters are the targets of vote buying. As measures of vote buying improve, however, it becomes increasingly clear that much electoral

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<sup>1</sup> Seawright (2012) finds little evidence that there were few differences between formal and informal sector workers in the likelihood to vote against traditional parties, as hypothesized in these theories.

<sup>2</sup> A new wave of literature has shed light on what types of voters are targeted (Gans-Morse, Mazzuca, and Nichter 2010; Nichter 2008; Stokes 2005; Stokes et al. 2013), why politicians and voters follow clientelistic exchanges (Auyero 2000; Brusco, Nazareno, and Stokes 2004; Finan and Schechter 2012; Lawson and Greene 2013), and the conditions under which clientelism loses favor with politicians and voters (Stokes et al. 2013; Weitz-Shapiro 2012).



behavior remains unexplained. Even in countries with high rates of vote buying, such as Argentina, only a fifth of the electorate reports being approached to sell their vote.<sup>3</sup> Moreover, vote buying relies on a belief that a voter's behavior will be monitored and that her voting decision may result in material gains or losses. Contingent electoral exchange poorly explains electoral behavior in collapsed party systems, such as Peru and Colombia, where it is dubious that the necessary party actors exist to monitor voters' behavior. While candidates still may offer goods in these contexts, these exchanges are "unenforceable bargains." The urban poor can accept the generosity of all the parties and vote for their favorite candidate. Then, the question becomes, what else leads the urban poor to turn away from a clientelist exchange in favor of other candidates?

The other major alternative presented to explain the informal sector poor's vote is populism. While the concept has been stretched and disputed, a minimalist definition is the appeal to mass constituencies by personalistic leaders who challenge established elites and institutions (Roberts 2006: 127). The programmatic agenda of populists ranges from the political Right, as with neoliberal or security populists, to the political Left. The crux is that the urban poor vote based on charismatic or anti-establishment appeals. So, under all three of these perspectives, the view of the electoral behavior of the informal sector poor is rather dim. Informal sector voters have amorphous interests that lead them to swing erratically among parties, sell their votes, or support politicians based on personality traits. This study pushes back against these portrayals of the political behavior and representation of informal sector poor voters in three ways.

First, a major contribution of this study is to identify a coherent material interest of the informal sector poor, forbearance, and suggest how it can structure their preferences, mobilization, and allegiances. Chapter 2 showed that forbearance garnered strong support among poor voters,

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<sup>3</sup> Reports may be higher using list experiments (Gonzalez-Ocantos et al. 2011), but AmericasBarometer asks whether individuals were approached with an offer, rather than accepting the offer, which reduces concerns of social desirability bias.

motivated their vote choice, and served as a heuristic to identify politicians who served their interests in the absence of strong party labels. Chapters 3 and 4 uncovered the centrality of forbearance toward squatters and street vendors in urban electoral campaigns. From these empirical observations, we can see the need to take a wider view of what the informal sector poor want and hold their politicians accountable for in elections. The informal sector poor have logical interests like their ability to work unchecked or to gain security over their houses that are materially rooted. Perversely, then, evaluating politicians on how many bills they sponsor or roads they pave may miss central issues at stake, particularly in urban elections.

A natural counterpoint is that scholars measure what the poor say they want. Surveys suggest that the urban poor desire broadly similar things across societies and independent of labor contract type: public security, high-quality jobs, education, basic services, and the like. Forbearance, while perhaps better than nothing, is a second-best option. As I have shown, forbearance occurs precisely because the state fails in its positive duties of welfare provision. So, why would citizens hold politicians accountable for forbearance, rather than the welfare outcomes that they desire?

To restate my claims, forbearance motivates electoral behavior because it is a *credible* welfare policy, not because it is necessarily the preferred one. Chapter 2 explicitly compared platforms on social policy promises with those based on forbearance, and showed that only the forbearance platforms led the poor to believe that hypothetical candidates would serve their interests. Talk of social inclusion and welfare state programs is cheap. In this sense, this study confirms what others have described as a vicious cycle of “low performance and low expectations for broad development outcomes” (Khemani 2007: 59; also see, Soifer 2013). Forbearance provides distributive benefits, but even more importantly, it offers credible ones in contexts where welfare policy promises often fail to come to fruition.

Additionally, the assignment of political responsibility may be easier in the case of forbearance compared to other social policies. A background theme in this study was the *visibility* of enforcement outcomes. Politicians calculate their choices about enforcement actions against squatters and street vendors because they can be observed directly and carry broader reputational signals. In this sense, this study builds on work that shows that electoral accountability is improved when voters have better information about policy. Recent work relies on experimental designs to investigate how improving citizens' information about social policy expenditures affects vote choice and government responsiveness (Banerjee et al. 2011; Besley and Burgess 2002; Chong et al. 2011; Ferraz and Finan 2008; Humphreys and Weinstein 2012). Less thought has gone into the types of issues the urban poor naturally learn more or less about in their everyday lives. What emerges from this project is that voters may select their politicians and hold them accountable for some forms of enforcement because they can attribute those choices more clearly to politicians.

The second implication of this study is that forbearance can form an axis of substantive policy competition. Minimalist definitions of programmatic policy center on the idea that disbursements are 1) made based on transparent criteria, and 2) that the criteria of distribution are codified. These criteria led me to theorize the idea of *informal welfare policy* in which forbearance is extended to the poor as a class (fitting the first definitional component) but is not codified in law (failing on the second component). While falling short on standard definitions of programmatic policy, informal welfare policies provide a similar structure to political competition because they can be openly defended and grounded in beliefs about how to help the poor. Think back on the examples of mayors like Barrantes or Garzón: both articulated a commitment to forbearance as necessary to improve the short-term employment options for the poor until the state could guarantee their welfare. Politicians like Peñalosa, Andrade, and Villarán countered with a view that enforcement served the poor's long-term interests by boosting growth and investment in the city.

None of these proposals involved changes to the formal legal structure. But these were substantive philosophies about core social policy issues. To be clear, forbearance also can be distributed in a clientelistic fashion contingent on political loyalty. But, by neglecting forbearance as a potentially programmatic dimension of political competition, scholars miss out on a central issue that can differentiate candidates.

Third, this study emphasized that forbearance can structure electoral behavior because it is a heuristic that poor voters use to identify politicians that favor their interests. In volatile party systems that are recomposed from one election to the next, the need for informational shortcuts becomes all the greater. Subnational elections pose a similar challenge given that ideological cleavages find few analogues at the local level. While Left and Right have lost salience for many voters, and the poor in particular, the idea of politicians who “help the poor” or represent “people like me” still holds weight. Chapter 2 showed that almost every poor respondent could respond to the question of whether a politician would help the poor, but only about half were able to position the candidate on a Left-Right political spectrum. Class-based voting emerged in Lima and Bogotá, despite incoherent party systems and an absence of traditional Left-Right cleavages.

The use of progressive forbearance to signal affinity for the poor raises questions about its relationship to populism. On the one hand, forbearance is an appealing distributive tactic for populists. Core to the definition of forbearance is the idea that it is an informal form of redistribution that circumvents established institutions. It can form part of an anti-state position in which political outsiders offer immediate benefits to the poor without reliance on state institutions. Forbearance also plays into an anti-elite discourse, and thus has been a common distributive and symbolic tactic for populists from the political Right and Left like Fujimori and Hugo Chávez. Politicians can promise to defend the poor regardless of what some law written by out-of-touch

legislators might say, and attack those who enforce as “enemies of the informal economy” to use a Chavista phrase.<sup>4</sup>

In fact, recognizing the importance of forbearance helps make sense of the programmatic content that unites a range of populist figures that have appealed to the informal sector poor. Consider the case of Fujimori. The classic interpretation is that Fujimori captured the informal sector poor through his anti-party, anti-elite appeals, and he did little to serve the poor’s interests (after stabilizing the economy). He slashed welfare programs, replacing them gradually with small-scale funds managed in a clientelistic fashion by the president. If we measure the formal welfare benefits that the urban poor received, their enduring loyalty (now transposed to Fujimori’s daughter Keiko) seems inconsistent with any model of voting based on material interests. But Fujimori complemented cuts to the state with a host of informal benefits. Fujimori defended Lima’s more than 300,000 street vendors. He provided property titles to more than a million Peruvians, which allowed for public service investments in squatter settlements that no previous president had cared to touch. Keiko Fujimori has promised to initiate another wave of property titling to legalize land invasions while the current president Ollanta Humala has refused. These facts are not meant to defend Fujimori’s regime in any way. But they should give us pause when we dismiss the urban informal sector poor’s loyalty to Fujimori as a vote for charisma or a rejection of elites alone. Informal welfare policies can generate enduring loyalties just like formal ones, and can be an equally “rational” basis for vote choice.

While populists often embrace forbearance, it is incorrect to view forbearance as a form of populism in all but the loosest sense, such as a direct appeal to the urban poor or a tactic to provide immediate benefits by neglecting long-term costs. Such a thin definition provides little analytic

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<sup>4</sup> For example, see “Jorge Rodríguez se convirtió en el enemigo de la economía informal” *Noticias* 24 8 Nov 2012.

leverage to understand the range of politicians and circumstances that favor forbearance. It also ignores the fact that forbearance can co-exist with and stabilize institutionalized welfare policies. Chapter 3 gave examples of both of these processes. Forbearance toward squatting substituted entirely for Peru's housing policy, which Fujimori dismantled on the grounds that it was captured by the middle class. However, it supplemented Colombia's truncated housing policy and made possible the expansion of subsidies, tax cuts, and debt relief for middle-class groups. Forbearance thus is an attractive tool for populists given its anti-state nature and immediate provision, but its pro-poor benefits appeal to a broader variety of politicians confronted with welfare state weakness.

Future studies of electoral politics could fruitfully look at the associative signals that voters use in the absence of party labels or more generally in light of the declining salience of Left-Right ideological cleavages. Understanding what policies communicate group representation, how they differ across political systems and levels of politics, and when they are invoked rather than valence issues could help make sense of how claims of political representation are made without parties. Associative signals fall short of the programmatic ideological content provided by stable parties but that they do convey group representation and tangible material benefits in ways that scholarship on clientelism or populism overlook. While I argued that forbearance is a powerful associative signal, I see it as a starting point for future theorizing about a broader set of cues that can communicate political representation.

The insight that variation in enforcement has distributive consequences that can motivate electoral behavior could be extended to other laws and contexts in future comparative work. To give another example, one of the most frequent topics that I encountered in local election campaigns and that motivated citizens to go to mayors' offices in Lima was tax amnesty. Politicians did not promise to change the tax rate; they offered to forgive past nonpayment. Voters' expectations of what a politician who ran on a platform to ease tax collection will do in office likely vary dramatically

from those of someone who supports a candidate who promises more local public goods. Particularly in contexts of institutional weakness, enforcement should be treated as a potential policy choice with electoral and distributive repercussions. Another potential extension includes enforcement against service theft, such as electricity and water. One implication of my electoral theory is that enforcement should be more uniform in contexts that have privatized their basic service provision; the removal of informal benefits through forbearance could result in different politics surrounding formal subsidies on service provision for the poor.

The core idea that enforcement needs to be treated as a political choice variable can travel to contexts where laws have ambiguous or regressive distributive consequences. Already, a number of studies have found evidence of political cycles of enforcement in cases when legal violations by the rich are at stake: electricity theft to irrigate the fields of wealthy Indian farmers peaks in election years (Golden and Min 2013); arson to clear land for purchase by the wealthy spikes prior to Greek elections (Skouras and Christodoulakis 2011); labor regulations go unenforced in election years in Argentina (Ronconi 2010); and environmental regulations to control pollution are enforced less strictly in election years and in cases where the mayor and governor are from the same party in Brazil (Ferraz 2007). The fact that enforcement follows political cycles in a variety of “weak” institutional contexts suggests scope for choice in how laws are enforced.

However, despite a shared electoral impulse, I should stress that progressive forms of forbearance hold out a relatively unique potential to structure electoral representation. Chapter 2 suggested that legal violations by the rich tended to generate almost uniform condemnation. Even the wealthy seemed to concur that offenses like electricity theft and tax evasion were unambiguously “bad.” Social desirability bias may underestimate private levels of support, but the fact that few people are willing to admit their support confirms my central point: it seems implausible that an incumbent would try to signal distributive commitments to the rich using a policy that is broadly

censured.

Contrasting progressive and regressive forms of forbearance leads to different implications for the types of reforms likely to promote enforcement. Legal violations by the wealthy differ in their visibility compared to those studied here. The electoral effects of tolerating white-collar crime often are unobservable to voters until *after* the election has passed, if at all. Forbearance toward many laws that the wealthy violate offers immediate distributive benefits to special interest groups, who may well sway their electoral support or offer campaign contributions in exchange. However, the majority of voters who bear the costs of regressive forbearance only observe the consequences long after the fact. Because regressive forms of forbearance tend to be motivated by politicians' need for campaign contributions, not votes, favors can be offered in private and without fanfare. The implication is that interventions that provide real-time information to voters about regressive forms of forbearance may help voters to hold politicians accountable and increase enforcement. In contrast, in the context of progressive forms of forbearance, information about enforcement activities may simply polarize the electorate. As I return to below, information about social policy alternatives is far more likely to generate support for uniform sanctions when citizens have distributive reasons to support forbearance.

In summary, this study has provided a new perspective on the informal sector poor's electoral behavior. It uncovered a material interest that unites many informal sector voters, showed how positions on forbearance can involve philosophical differences about how to assist the poor, and emphasized the way that enforcement positions convey broader distributive commitments to voters. Future work may productively extend these insights into other forms of enforcement, and work to modify the theory to account for differences in the progressivity and visibility of offenses.

## **2 State Capacity**

Careful attention to how politicians choose to enforce the law is important because it



reorients scholars and policymakers to the type of state weakness that matters, particularly in middle-income countries. As stressed throughout this project, most previous theoretical approaches to explain weak enforcement focus on underfunded, understaffed, poorly trained or designed institutions that limit state actors' ability to detect and sanction legal violations. This view has infused public policy. International institutions like the World Bank and the Inter-American Development Bank have promoted bureaucratic reform and capacity building to improve property law enforcement. More specifically, policy reformers have focused on De Soto's diagnosis that inefficient and byzantine bureaucracies explain the prevalence of property law violations in the developing world. But after two decades of institutional reforms, property law violations have not disappeared.

Strengthening administrative institutions is a valuable undertaking, but this study's focus on the distributive stakes of enforcement clarifies why it is not a panacea. Efficient small business or property registration procedures cannot provide the poor with jobs or houses. If politicians and some citizens prefer legal violations to persist until welfare programs can provide these goods, as I suggest, then more efficient bureaucracy will result in limited gains. Improvements in administrative procedures may even incentivize property law violations if not accompanied by prospective welfare solutions, as shown in the case of property titles for squatters in Chapter 3.

This study showed how weak *distributive capacity* instead drives enforcement patterns. Even in "strong" institutional contexts like Chile, forbearance offers important informal welfare benefits to patch over social policy deficits. This study used a simple tripartite distinction between the coercive, administrative, and distributive aspects of state strength. From a theoretical perspective, this study thus reinforces work that attempts to disaggregate the dimensions of state capacity (*e.g.* Cammett and MacLean 2011; Soifer and vom Hau 2008; Ziblatt 2008). In contrast to conventional explanations rooted in the first two components, I emphasized the importance of distributive

capacity for enforcement outcomes. Additionally, the cases suggested the need to think through the sequence in which countries tend to develop different components of state strength. My sense is that the uneven pattern of state development highlighted is relatively common—a functional police force and bureaucracy likely develop prior to the architecture of a modern welfare state.<sup>5</sup> Peñalosa, Bogotá's former mayor, perhaps best captures the odd paradox of states of intermediate strength where coercive capacity develops more thoroughly than the ability to provide for the poor's wellbeing: "The problem is that as the city becomes more sophisticated and richer, there are more controls and this is very bad because we are controlling informal construction but we are not offering any [housing] alternative."<sup>6</sup> This sequence can create a disjuncture between the capacity to enforce laws against the urban poor and the capacity to address their welfare needs. Politicians back off the use of state power.

Having reviewed the empirical evidence, it is worth questioning the extent to which we want to think of skeletal or truncated welfare policies as evidence of a distributive capacity problem. To clarify, my view is that local politicians' enforcement choices are bound by limited distributive capacity because national actors make welfare policy choices. The levers under local control to create houses and jobs can only have a marginal impact. However, economic growth, a commodities boom, and reliance on value-added taxes mean that the national governments studied could do much more to prioritize the poor's interests. Historically, budget constraints were far more persuasive explanations of the scope and structure of Latin American social policy. The essential point of this project is that legacies of weak welfare states have perpetuated a combination of forbearance and complementary formal welfare policies. These legacies have been hard to reverse,

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<sup>5</sup> Admittedly, laws that the poor tend to violate tend to be relatively simple to enforce, and the poor do not have legal resources to hide their evasions. States still may lack the administrative capacity to control complex regulations or white-collar crimes where the rich can use their wealth, power, and lawyers to subvert the law.

<sup>6</sup> Author interview with Enrique Peñalosa, Bogotá, Colombia, September 7, 2011.

even as states acquire the funds, staff, and expertise to do much more to aid the poor.

To demonstrate the centrality of distributive capacity to enforcement outcomes, and that it is not an exclusively Latin American phenomenon, I examine the statistical relationships between the welfare state size and the extent of legal violations by the poor, operationalized by urban squatter populations, in 82 developing countries. If, as I have argued, forbearance is the product of distributive capacity, then we should be able to observe a *negative relationship between progressive welfare state development and squatter settlements, all else equal*. The predictive power of measures of administrative capacity, such as bureaucratic quality and time to register property, should be weak. Additionally, if I am correct that more politically decentralized countries will be less able to control local politicians and invest in substitutive social policy, then we should observe a *positive relationship between political decentralization and squatter settlements*. Appendix E describes the data and results in detail. Despite the limitations of this cross-national statistical analysis, I find support for the central argument advanced: progressive social spending—measured through taxation on the wealthy and safety nets for the poor—foretells smaller squatter populations, although targeted safety net expenditures fall short of statistical significance. Political centralization also is associated with smaller squatter settlement populations. Encouragingly, alternative state capacity measures, such as bureaucratic effectiveness, GDP per capita, and the time to register property, do not predict squatter settlement populations. Like my qualitative findings, then, administrative capacity seems to matter less than distributive capacity for enforcement outcomes.

The implication of this study, which a preliminary cross-national statistical analysis suggests may travel outside the region, is that improvements in the scale and targeting of social programs can be an alternative route to strengthen property law enforcement. In-kind welfare expenditures matter because they resolve basic demands and change cognitive beliefs about the fairness of enforcement. In building popular support for enforcement, they make it easier for politicians to mobilize

resources to make laws effective. I showed that citizens with better assessments of the welfare state were less tolerant of squatting across Latin America (Chapter 2). And, citizens were willing to assist in the enforcement process in the context of targeted welfare policies, as in Chile, in ways that they refused to do in weak welfare contexts, as in Peru and Colombia (Chapter 3). Hence, reinforcing the welfare state can align politicians' incentives with parchment law and improve enforcement. These reforms will be essential complements to existing efforts to streamline and strengthen state bureaucracies.

### **3 Variation in Enforcement and Electoral Geography**

My theory of enforcement politics also highlights important sources of variation in enforcement. As Levitsky and Murillo (2009) emphasize, different levels of enforcement have important implications for our theories about institutional design, effects, and change. But we still know little about the sources and variability of enforcement outcomes. This section relates this study's findings to existing theories of weak enforcement (apart from sheer bureaucratic incapacity) and differentiates this study's focus on electoral incentives for enforcement. More specifically, a contribution of this study is to show that electoral geography can make sense of both spatial and temporal variation in enforcement. These insights may provide leverage to understand enforcement outcomes across a range of institutional contexts.

The idea of intentional non-enforcement is not new. Past scholars have thought about entire categories of laws that their crafters never intended to enforce. International law makes this point clearest. Countries sign international laws to join a community of nations, and laws often carry no enforcement mechanisms. The inclusion of social and economic rights in constitutions similarly is understood as an aspiration, simply signaling to domestic and international constituencies a symbolic commitment to certain principles. Moral prohibitions, such as bans on sodomy, divorce, drugs or prostitution, similarly may be put on the books to shape social norms, not enforcement

action. While I do not doubt the existence of a class of symbolic laws, it provides little purchase to understand variation in enforcement. Some symbolic laws can gain “teeth.” Courts, politicians, and citizens have made attempts at the enforcement of social rights (Brinks and Gauri 2012; Landau 2012). Conversely, some “hard” laws can be reinterpreted as mere (or misguided) aspirations. Legislators wrote regulations to prevent street vending in Colombia. But mayors have reinterpreted these laws as aspirational until the country can offer employment alternatives. Viewing certain laws as purely symbolic brushes aside much of the political debate over when and how enforcement is appropriate.

A second perspective on weak enforcement is that laws remain on the books because there are political costs to remove them. Enforcement can be a *de facto* mode of institutional change when actors’ preferences diverge from written law. Legal change occurs when the costs are low and passage is possible; enforcement change occurs when channels of formal legal change are foreclosed. Htun (2003), for example, emphasizes that removing abortion statutes would unleash the ire of the Catholic Church in many Latin American countries. Choosing to allow abortions to persist *de facto* achieved similar objectives without the political costs. Similarly, the introduction cited the example of American immigration laws. Once President Obama failed to pass the Dream Act through the legislature, he ordered the use of prosecutorial discretion to achieve parallel ends through enforcement. This study largely concurs with this view: if the political costs are higher to change law than its enforcement, then substantial change can occur at the enforcement stage.

However, political preferences for weak enforcement can be conditional on social or economic circumstances. A contribution of this study is to suggest that forbearance may be preferable—even when it is feasible to change the law—precisely because enforcement can be adjusted outside the legislative process. Revocability can have several advantages. Returning to the point on symbolic law, manipulation of enforcement rather than institutional change can be

attractive in circumstances where politicians and citizens agree with institutional aims, but disagree with enforcement given domestic conditions. Revocability also may allow for nuanced adjustments in the effects of laws to make them more appropriate to local conditions or special circumstances. For instance, Kleine (2013) argues that the European Union allows member states to depart from rules that impose adjustment costs on one another in order to accommodate governments under strong domestic pressure. Allina-Pisano (2012) makes a similar argument about state officials in Ukraine, who rejected liberalizing land reforms when the social costs were expected to be high at the local level. The purpose of forbearance in these cases is to allow for changes in the timing and distribution of legal costs, and to make the rules more responsive to those groups that they affect most.

Revocability also has a less benign interpretation, which has tended to dominate the literature on developing countries. The ability to manipulate enforcement allows politicians to establish power over those who violate the law. Recent work on property rights in Africa, such as Boone (2009) and Onoma (2010), emphasizes that political actors may prefer weakly enforced property rights regimes because they can be used to exploit and extract resources from vulnerable groups. Weak property rights make expropriations easier in the case of political disloyalty or ownership by unpopular minority groups. Historic work on squatter settlements in Latin American cities has much the same flavor: politicians tolerate squatter settlements because they can then be evicted when land values rise or political circumstances change (Collier 1976; Fischer 2008). While there certainly are cases where the revocable nature of forbearance leads politicians to exploit and punish the poor, it is worth reiterating how rare these cases are in contemporary Latin American politics. Particularly in the case of illegal land occupations in Chapter 3, what stood out was the dwindling turnaround time to secure property title. Land invasions chased by legalization make no sense for politicians who want to exploit the continued legal vulnerability of the poor. Thus, while

the revocable nature of forbearance can be used to extract rents or create political dependencies, it also can be a convenient way to tailor legal rules to promote acceptable societal goals.

A related third perspective is that laws go unenforced because the bodies in charge of lawmaking and enforcement diverge. Mahoney and Thelen (2010) view enforcement as a locus for gradual institutional change because actors other than those who designed the rules make enforcement choices. However, they primarily conceptualize the agents responsible for enforcement decisions as bureaucrats. This study stresses the role of local politicians. Rather than principal-agent problems in which administrative agencies overstep or ignore political mandates, there can be *principled*-agents, or politicians who intervene in enforcement processes to advance their ideological or electoral ambitions. In focusing on the role of politicians, this study helps make sense of why bureaucrats might be motivated to expand or contract a rule's implementation in the first place.

Political interventions in enforcement may be more common in young democracies, but it is not exclusive to weak institutional environments. Even in countries like Chile, where bureaucrats enjoy labor stability, politicians jumped in to make enforcement suit their distributive goals. Past scholarship has viewed such interventions by politicians as a type of state weakness because states lack the autonomy to impose their preferences on local actors. Migdal (1988, 2001) emphasizes that many states in the developing world are weak “states in society” because diverse organizations vie to make the de facto rules about how citizens behave. Authorities with informal “tutelary” power, such as religious, military or traditional leaders, may control enforcement and thus challenge state authority to make the effective rules of the game.<sup>7</sup> Shadow powers certainly make political interventions at the enforcement stage more likely. However, my view is that limiting forbearance to

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<sup>7</sup> Recent work on subnational authoritarianism (Gibson 2005, 2013; Giraudy 2009) also shares this impulse that liberal norms can be jettisoned by elected local politicians who create enclaves with alternative rules.

cases of weak states glosses over issues common to multilevel democracies; informal power challenges can come from other levels of elected government.

A global wave of political decentralization has created a new set of subnational actors who do not necessarily share the preferences of national legislatures. Subnational politicians often have incentives to change the substantive meaning of law and policy, even when they have no formal legal powers to do so. Take the recent example of the health exchanges set up under the Affordable Care Act in the United States. A number of states have refused to create health exchanges despite national guidelines. Whether or not the President decides to force state governors to form the health exchanges or steps in to impose federally constructed ones is hardly an issue of state capacity. It is a choice about which level of elected government in practice determines the health care options of citizens. The major issue is that there are divergent preferences that happen to be spatially concentrated in some subnational electoral units. Much in the same way, this study has emphasized that national governments have the formal powers to determine welfare policies. But local governments still are responsible for promoting the welfare of their citizens. Choices of forbearance toward squatting and street vending can reflect attempts to improve the poor's welfare informally in contexts where social welfare powers have not been devolved to local authorities. The point is that political decentralization creates a common class of problems that deserve greater study across a range of political systems, and their consequences for the quality of democracy will vary.

Viewing enforcement as the result of the divergent preferences of elected politicians across levels or units of government provides a tractable framework to understand variation in enforcement. First, it can help predict when enforcement deviations occur and stabilize. Forbearance by subnational actors can be a consistent political choice, at which point it can produce informal institutions or give way to formal reforms. But it also can be volatile, revocable decision. The chapters in this study exposed the role that electoral geography plays in producing informal



institutions in some contexts as opposed to others. The contrast between the stable equilibrium outcome of forbearance toward squatting and the cyclical outcome in the case of street vending is highly suggestive. The gist of Chapter 3 was that forbearance toward squatting has been unwavering in Peru and Colombia because it occurs precisely in poor districts in which mayors consistently support deviations from the parchment law. There is an informal institution in which the poor take state land for housing purposes. In contrast, Chapter 4 showed that the high visibility of street vending due to its occurrence across city space created cyclical enforcement patterns in politically centralized cities. Forbearance is more stable over time in homogeneous sub-city units under urban political decentralization, but is highly uneven across urban space because class groups are segregated into electoral districts. The intuition that forbearance is more likely to converge to a stable alternative equilibrium that contradicts formal law, or a competing informal institution, in electorally decentralized contexts seems to be an important one. In this sense, politically decentralized cities do have “brown spots,” to use O’Donnell’s term, in that some types of law enforcement may be functionally absent. But politically centralized cities have “brown periods” in which laws are selectively jettisoned. These periods of legal volatility are perhaps even more relevant to the structure of electoral competition because politicians can swing between enforcement extremes. They would be missed if looking for stable institutional outcomes, whether formal or informal, alone.

Further work on enforcement politics may fruitfully look at the distribution of legal preferences and their geographic occurrence—which citizens support enforcement? How variable are these preferences *within* electoral districts? How does the structure of electoral institutions or the party system encourage politicians to cater to local enforcement preferences? The spatial distribution of preferences across electoral units can help us understand both when forbearance arises and how it stabilizes across a variety of political contexts.

In focusing on mass preferences and enforcement incentives, future research could work to bring parallel literatures on compliance and enforcement more directly in dialogue. This study made small steps to explore these connections. In particular, I proposed individual-level measures of attitudes toward both compliance and enforcement (Chapter 2), and an equilibrium model that took seriously the endogeneity between enforcement and offenses (Chapter 5). Nonetheless, there is a need for much more theorizing about how enforcement affects citizens' willingness to comply with the law, and how expectations of compliance alter politicians' enforcement calculus. Survey work, in particular, could extend the attempt here to measure both compliance and enforcement attitudes and thus help generate ways to explore both attitudes and their variation across space.

#### **4 Informal Welfare Regimes**

Although the substantive focus of this study was enforcement politics, it was motivated by broad questions about Latin American welfare states. By arguing that enforcement preferences and outcomes are intimately related to the social policy context, this study establishes a dialogue between two literatures that rarely speak to each other. To date, research on the comparative political economy of welfare states has generally overlooked the extensive linkages between welfare state structure and property law violations, and thus missed a central means through which states shape the incomes and risks faced by citizens. Similarly, as noted above, work on property rights has focused largely on issues of institutional weakness and design while minimizing the distributive consequences of enforcement. Highlighting these linkages can anchor future work on both social policy and enforcement within a broader framework, and suggests modifications to how we assess welfare regimes in low and middle-income countries.

Informal welfare policies may change our view of the size and incidence of welfare regimes. Comparative welfare state scholars tend to study a handful of formal policies to assess how states aid the poor and use these policy areas to draw conclusions about who benefits from redistributive

politics writ large. Incorporating forbearance is necessary to understand what the informal sector poor get out of the system, and also how formal policies are designed. Political favoritism in one area does not necessarily predict the same—and may even be counterbalanced by the opposite—pattern of redistribution in another. In housing policy, I showed a rather grim picture of the political capture of subsidies by middle-class groups in Colombia and Peru. These policies, however, have been explicitly complemented by extensive forbearance that makes the poor even more likely to be homeowners than the rich. Informal welfare policies differ in many ways from their formal counterparts but we miss much about how the welfare state works and how formal policies are designed in ignoring the existence of informal welfare substitutes.

Forbearance complicates our basic accounting because the effects can be so substantial. To bring in another example on the revenue side, consider that value-added taxes are regressive on paper in Peru. Since the mid-1990s, indirect taxes constitute the bulk of revenue compared to nominally progressive income taxes in most Latin American countries. Mahon Jr. (2013) argues that the decreased tax progressivity has offset many of the improvements in social policy in the region. However, most rural and urban poor escape indirect taxes through purchases in the informal sector that the Peruvian government lets pass. The rich have a harder time skirting value-added taxes because they prefer to shop in registered stores. The choice to move away from a formally progressive income tax system in which the wealthy evaded taxes to a formally regressive indirect tax system in which the poor are allowed to purchase outside the system thus ironically represents a move toward a more equal income distribution. Today, Peru does more to redistribute income to the poor through forbearance in its tax system than all social spending combined (Lustig, Pessino, and Scott 2013: 18). Latin American states may do more for the poor, albeit in somewhat problematic ways, than commonly recognized when we look at formal policies without taking into account how variation in enforcement alters their distributive incidence.

Much work remains to be done on the politics and dynamics of forbearance as a social policy substitute. Continuing with the Peruvian tax example, legislators could craft exemptions to the value-added tax for goods that the poor tend to buy like clothing, food, and medicine, as in many advanced industrial economies, and then enforce tax laws. Why not just change the law to achieve the same effects? More broadly, when do governments favor forbearance over tax and transfer-based systems of redistribution? And, how do experiences of often-hidden forms of redistribution shape preferences regarding formal expenditures?

These effects are not limited to Latin American welfare regimes. For example, Turkey also has a legacy of truncated welfare policies. Economists calculate that transfers that come from saved rent payments from living in illegal squatter settlements constitute 1.2 percent of annual income for poor household's in urban Turkey. In comparison, benefits from all social assistance programs amount to 0.4 percent of household income (Başlevent and Dayıoğlu 2005: 37). The tolerance of squatter settlements has been called the primary “subsidy” used to win the votes of Istanbul’s poor through the 1990s (Keyder 1999). Future comparative research may think about how politicians trade-off between informal and formal modes of redistribution in ethnically heterogeneous societies, such as Turkey. New generations of squatters in urban Turkey tend to be Kurdish. Ethnic heterogeneity is associated with smaller formal welfare states (Alesina and Glaeser 2004). But does ethnic heterogeneity lead to more or less informal redistribution? It could be the case that politicians prefer forbearance toward ethnic minorities to establish power over them, or to maintain stability without having to expand the formal welfare state. Alternatively, authorities may use enforcement to suppress ethnic groups and further exacerbate the limited distributive benefits provided by formal welfare states.

A similar range of questions arises in authoritarian regimes. While not motivated by electoral concerns, authoritarian regimes are diverse, and still have motives to redistribute resources (for a

review, see Mares and Carnes 2009). Authoritarian leaders may embrace the positive distributive benefits and revocable nature of forbearance. Dorman (2007), for instance, argues that Egyptian authorities began to tolerate squatter settlements in the 1960s because neglect resolved housing demands and sustained a patrimonial indirect system of rule. Iran has let street vendors proliferate (Bayat 1998). On the other hand, authoritarian regimes can disregard the poor's well-being. Pinochet strongly repressed squatter settlement formation in Chile. The thuggish Chinese urban administrative police (*chengguan*) engage in routinized brutality against street vendors (HRW 2012),

When do authoritarian leaders prefer to build welfare states and when do they achieve parallel distributive effects informally? And when do they choose enforcement with no redistribution? This study only began to scratch the surface of such questions about the political economy of different modes of redistribution. Taking informal welfare policies seriously, and as something more than an inevitable consequence of weak institutions, is the first step to improving our understanding of who gets what and *how* out of distributive politics.

This broader conceptualization of welfare regimes also has implications for our theories that relate changes in economic conditions or inequality to redistribution within democracies. Consider the dynamics of economic recessions. Classic political economy models predict that economic downturns lead to more demands for redistribution, specifically from those hardest hit or made vulnerable, to help smooth consumption and spread risk. Governments respond to increased demands by boosting social expenditures, leading to countercyclical spending patterns under democracy. Yet, Wibbels (2006) shows that social expenditures in developing countries tend to be procyclical. International borrowing constraints partially explain the phenomenon, although Latin American governments also manage to maintain social security and middle-class programs even as economies sour. How is it that the poor do not react when elected governments slash social programs during crises? Wibbels (2006: 440) draws a pessimistic conclusion about the quality of

democracy from this pattern: “In contrast to many wealthy nations, where the constituency for social spending of various kinds is quite strong, poor constituencies across much of the developing world are weak.”

Adding informal redistribution to the mix of policy tools available to governments gives us a slightly different perspective on the politics of welfare states in times of austerity. Informal welfare policies stabilize welfare states in the developing world. Chapter 4 showed that street vending is strongly countercyclical, and that governments shape the flow of informal employment through their enforcement choices. More broadly, most of the labor market movement during economic recessions is not from employment to unemployment, but from formal to informal employment. Politicians may well cut targeted social expenditures *on the expectation* that they can use informal mechanisms to compensate the “losers.” A key demand of the poor may be the ability to stop paying electricity bills and local taxes, rather than positive state provision to make it through downturns. Of course, the implications for human welfare and democratic quality are not entirely positive. Levels of poverty and indigence escalated dramatically during Latin America’s debt crises. The poor may turn to forbearance because they have generations of experience with meager state response to economic crisis. They expect adjustments to occur at the enforcement margin. Thus, the strongly countercyclical nature of informal redistribution helps make sense of why procyclical expenditure patterns endure.

The emphasis on informal welfare provision opens a range of questions about how citizens relate to welfare state change. Decades of informal welfare provision have altered the expectations that the informal sector poor have about social expenditures and the heuristics that they use to select their representatives. In theory, politicians can promise and manage to implement policies to include the informal sector poor. They can save to provide for the most vulnerable during economic downturns. Nonetheless, in practice, this project joins others in suggesting that beliefs about the working of the

welfare state are deeply rooted. Chapter 2 found that beliefs about the welfare state's functioning are tricky to change. Substantial and prolonged social policy improvements may be required to overcome historical legacies of limited program coverage and efficacy. Future survey work could probe citizens' expectations about social policy provision and also how these attitudes can (or already have begun to) change with the creation of more inclusionary social programs. One potential question for future research is how insulated attitudes are by policy area—in other words, have cash transfer programs begun to change expectations about housing? Or does income support reduce expectations that the government can manage to provide high-quality goods like jobs?

What does forbearance mean for the future of Latin American welfare states? The relationship between informal welfare policies and formal welfare states is likely to remain important in the coming years, but decreasingly so in Latin American capital cities. In particular, my prediction is that social policy sectors in which the poor can secure benefits informally, such as housing and employment, will see more limited reforms to extend universal benefits than other areas of the welfare state like health care where informal substitutes are less readily available. The exceptions may come from countries that have maintained or regained stable party systems, such as Mexico, Brazil or even El Salvador. Strong party systems make it easier for Latin American executives to implement “big ticket” social policies that deliver political gains over the medium-term. These initiatives are far less likely in volatile party systems where executives have incentives to turn to policies that provide immediate gains to all eligible recipients. Advances in welfare state inclusion will continue but through programs that require minimal bureaucracy and provide short-term and broad electoral rewards. These expansions will be real, but they may leave social sectors that require a heavier state hand untouched.

At the same time, informal welfare policies may begin to wither in Latin American capital cities due to the growth of a burgeoning lower-middle class that may no longer be satisfied with

informal welfare benefits. Expectations about some areas of social policy provision, like cash transfers or noncontributory pensions, could well bleed into demands for other social policies. Even if housing or employment policy progresses at a glacial pace, the idea that the state can and should mediate social claims seems to be on the march in much of the region. These advances can spark fresh cross-sector conversations about what governments should do (and have not done) in the social welfare domain. Rising demands thus could destabilize the informal welfare state equilibrium that persisted for generations. Particularly with respect to housing, another destabilizing factor comes from the fact that many Latin American capital cities are now hitting geographic constraints that make informal housing provision tricky. The lack of available land may lead future generations to demand formal housing alternatives. Bounds on informal redistribution mean that citizens may demand more from state options.

In the future, issues of informal welfare policy may become even more relevant in secondary Latin American cities and less developed democracies. What is most interesting is that an uptick in intra-Latin American immigration means that some of the main claimants of informal benefits may be immigrants excluded from formal welfare systems on citizenship, rather than labor contract, grounds. Debates over informal redistribution thus may take on new questions of nationalism compared to past waves of rural migration. More generally, cities across the global south are growing rapidly. Cities with democratic elections and constrained distributive capacities—and relatively functional institutions—provide ripe conditions for informal welfare provision. To provide one recent example outside the region, the 2011 Zambian election brought the opposition Patriotic Front (PF) to power in part because its candidate, Michael Sata, managed to draw together overwhelming support from urban voters. Sata filed injunctions to reverse evictions of squatters, visited street markets, and promised to defend street vendors against enforcement by the ruling party (Resnick 2012: 1360-63). In office, Sata has fired two ministers who tried to enforce laws



against street vendors as part of internationally funded regulatory projects.<sup>8</sup> Even more explicitly, Sata sent an open directive to his government explaining the electoral logic of forbearance:

“Local government is a very fast growing organization which you need to reorganize [rather] than concentrating on harassing innocent vendors and car washers *which will lead to our party being more unpopular...* Those are the people we promised to give employment of which we have not done so” (emphasis added).<sup>9</sup>

Hence, informal welfare policies may surge outside Latin America as politicians try to link to a growing class of urban poor voters in countries where targeted social policies still remain pipe dreams. While administrative weakness poses a much stronger constraint in low-income settings, political scientists miss a central social policy debate and electoral cleavage in ignoring the politics of forbearance.

To conclude, it is worth lingering on the normative implications of forbearance. On the one hand, the provision of distributive benefits through forbearance raises the issue of why politicians do not change the law or offer tax-based benefits that serve the same purpose. Forbearance is an inefficient way to provide basic goods. Its revocable nature means that it is an unstable policy that can be manipulated to defend the poor, but also to construct relationships of political dependency. The poor may prefer forbearance to enforcement, but their first-best option is likely legal recognition of their activity or a formal version of the same good. To the extent that forbearance falls short of the poor’s distributive demands, or has retarded the construction of more inclusive, modern welfare states, its usage may have done real damage. Forbearance cannot replace or substitute for a welfare state that guarantees the poor basic goods and protection against risks as a condition of social citizenship. Its persistence thus leads to a rather pessimistic evaluation of the

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<sup>8</sup> See, “PF Declare Street Vending Legal as Petty Crime Rises in Lusaka,” *Zambia Reports* 30 July 2012; “Zambia’s move to covered markets proves hard sell to street vendors,” *The Guardian*, 17 May 2012.

<sup>9</sup> “Sata defends street vendors,” *Post of Zambia* 16 Dec 2011.

quality of democracy and the ability to incorporate the informal sector poor into a programmatic party system.

On the other hand, forbearance fills a gap in welfare states that still lag far beyond the ideal for unequal societies. In the absence of forbearance, it is not clear that the political system would rise to the occasion. Moreover, this study emphasizes that forbearance gives rise to a new set of demands on local politicians that show real engagement in the political system by the urban poor. These demands may not fit within traditional programmatic welfare frames. But they show real political power and engagement of the part of urban poor to secure substantive distributive benefits and elect leaders who provide tangible goods. In this light, elections may have aligned politicians' behavior with the poor's preferences for concrete benefits that reach them. The key question, then, is not how to make politicians more accountable or socialize the informal sector poor to understand their class interests. Rather, it is how to strengthen social welfare provision so that the poor get more—and expect as much—from expansions in formal policy programs.

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## *Appendix A: Public Opinion Data on Enforcement and Social Policy*

I designed and implemented a face-to-face public opinion survey of 900 voters in Bogotá, Colombia. The survey was administered by the Bogotá-based polling firm Cifras y Conceptos between August 5 and 29, 2013. On average, the survey interview lasted 25 minutes.

A clustered random sample was generated within the city. Thirty-six polling stations were selected as the primary sampling units (PSUs), with 25 cases conducted in each PSU. To ensure sufficient power for the survey experiment, 12 polling stations were selected from lower class groups (Strata 1 and 2), 12 polling stations from lower-middle class groups (Strata 3), and 12 polling stations from middle and upper class groups (Strata 4, 5, and 6). Survey weights must be used to adjust for the oversampling of upper class groups to make population-representative statements. Interviewers began from a randomly selected corner in the PSU and proceeded in a clockwise direction. Interviewers used the twelve different questionnaires in sequential order and rotated between asking for a male and female respondent in the household.

Interviewers were part of the survey firm's trained professionals and were mostly single-mothers. Training was conducted for interviewers on the logistics of the survey instrument and issues of respondent protection such as anonymity and privacy. On a separate sheet from the questionnaire, interviewers recorded the first name only and phone number of each respondent for the purposes of later supervision. Post-sampling verification was conducted on a randomly-selected 30 percent of the sample by telephone, after which this information was destroyed.

The response rate for the survey was 15.6 percent; the cooperation rate was 23.7 percent, the refusal rate 23.3 percent, and the contact rate was 36.4 percent.

Table A.1 presents the summary statistics for the variables discussed in the text. Table A.2 includes the balance tests for pretreatment covariates. The full translated questionnaire follows.

**TABLE A.1. Summary Statistics, Survey of Perceptions of Informality and Social Policy in Bogotá**

Variable	Mean	Std. Dev.	Min.	Max.	N
forbearance	0	1	-2.462	2.194	878
social policy	0	1	-1.896	1.599	884
class	3.166	1.537	1	6	900
education	3.548	1.217	1	5	900
female	0.492	0.5	0	1	891
age	3.691	1.571	1	6	900
vendor past	0.228	0.42	0	1	896
squatter past	0.112	0.315	0	1	895
informal	0.529	0.499	0	1	892
housing need	0.746	0.316	0	1	887
benefits	0.39	0.327	0	1	888
street vending	0.513	0.382	0	1	896
squatting	0.251	0.332	0	1	895
decomission	0.197	0.308	0	1	898
eviction	0.419	0.381	0	1	889
evictionab	0.523	0.362	0	1	896
transfers	0.497	0.398	0	1	899
tax	0.701	0.361	0	1	896
inequality	0.822	0.291	0	1	895
pension	0.597	0.387	0	1	896
housing	0.467	0.404	0	1	896
employment	0.44	0.405	0	1	899
electricity	0.106	0.218	0	1	896
tax loopholes	0.075	0.181	0	1	896


**TABLE A.2. Balance Tests on Pretreatment Covariates**

	Candidate 1		Candidate 2		Balance Tests			
	Redistribution (A)	Business (B)	Forbearance (C)	Enforcement (D)	Difference of Means (A-B) (C-D)		<i>p</i> -value (A-B) (C-D)	
<i>Class</i>	0.433	0.433	0.434	0.433	0.000	0.000	1.00	0.965
<i>Education</i>	0.635	0.639	0.632	0.642	-0.003	-0.010	0.869	0.622
<i>Age</i>	0.548	0.528	0.535	0.541	0.019	-0.006	0.362	0.783

The *p*-values in the final column give the probability of observing a t-statistic as large in absolute value as the observed value, if the groups are drawn from the same distribution. N = 900 respondents total.

**TABLE A.3. Summary Statistics, AmericasBarometer, Pooled 2008, 2010, and 2012 Waves**

<b>Variable</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min.</b>	<b>Max.</b>	<b>N</b>
property seizure	0	1	-4.41	5.443	80664
inequality	0.796	0.259	0	1	85375
income	0.427	0.321	0	1	75904
education	0.43	0.282	0	1	75415
female	0.515	0.5	0	1	88206
age	0.358	0.262	0	1	88206
urban	0.697	0.459	0	1	88206
right	0.512	0.278	0	1	70674
informal	0.403	0.49	0	1	37955
effort	0.479	0.312	0	1	58806
deficit	0.333	0.471	0	1	58206

		<b>SURVEY ON PERCEPTIONS OF INFORMALITY AND SOCIAL POLICY</b>																	<b>1</b>		
		<b>Date of survey:</b>	DD	MM	YY	Starting time	Ending time	Consecutive													
					2013																
<b>INCIDENCE TABLE</b>																					
<b>S: For each one of the following cases mark the number of houses that:</b>																					
<b>Did not answer</b>	1	2	3	4	5	6	7	8	9	10	11	12	14	15	16	17	18	19	22	23	24
<b>Rejected</b>	1	2	3	4	5	6	7	8	9	10	11	12	14	15	16	17	18	19	22	23	24
<b>Abandoned</b>	1	2	3	4	5	6	7	8	9	10	11	12	14	15	16	17	18	19	22	23	24
<b>Has not voted</b>	1	2	3	4	5	6	7	8	9	10	11	12	14	15	16	17	18	19	22	23	24
<b>1</b>	<b>In the last 5 years, have you voted for the mayor, governor, congress or president?</b>														Yes	1	No	2	If 2, end the survey and mark the incidence table		
<b>I. IDENTIFICACION</b>																					
<b>2</b>	City:								<b>5</b>	Strata of the zone (socioeconomic level):											
<b>3A</b>	Locality Name:								<b>6</b>	Enumerator:											
<b>3B</b>	Locality Number:								<b>7</b>	Supervisor:											
<b>4</b>	Segment:								<b>8</b>	Polling station:											
<b>9</b>	How many blocks away is your house from the polling station where you voted in the last election?																				
Less than 10 blocks									1	More than 50 blocks									4		
Between 10 and 20 blocks									2	In another city									5		
Between 21 and 50 blocks									3												
<b>Part A. INFORMALITY</b>																					
<b>PART A, Section 1. [ENC: Give the interviewee the card.]</b> To begin, I am going to read a list of some actions that individuals and businesses can use to achieve their objectives. I would like you to tell me how strongly you approve or disapprove that people do the subsequent actions. We are going to use Card "A" where "1" indicates that you strongly disapprove and "4" indicates that you strongly approve. [ENC: Write number 1-4, 98 for don't know (NS) and 99 for no response (NR).]																					
									<b>Strongly Disapprove</b>	2	3	<b>Strongly Approve</b>	NS	NR							
<b>A1</b>	Of people selling merchandise or products in the streets.									1	2	3	4	98	99						
<b>A2</b>	Of people occupying land informally to access housing.									1	2	3	4	98	99						
<b>A3</b>	Of marginal neighborhoods connecting to other people's electricity lines.									1	2	3	4	98	99						
<b>A4</b>	Of companies that use loopholes to lower their taxes.									1	2	3	4	98	99						
<b>A5</b>	Of people who refuse to pay taxes if they do not receive services in their neighborhood.									1	2	3	4	98	99						
<b>A6</b>	Of companies that pay less than their electricity use.									1	2	3	4	98	99						

**PART A, Section 2.** The following questions ask your opinion about the reactions of the government to some common activities. We are going to use Card “B” where “1” indicates that you strongly disagree with the DECISION OF THE GOVERNMENT and “4” indicates that you strongly agree with what the government has decided.  
[ENC: Write number 1-4, 98 for NS and 99 for NR.]

		Strongly Disagree	2	3	Strongly Agree	NS	NR
<b>B1</b>	A family with few resources occupies an unoccupied piece of land and builds a small home despite not having title to the land. The government orders them evicted from the lot. How much do you approve or disapprove of the eviction?	1	2	3	4	98	99
<b>B2</b>	A family builds a third-floor addition to their house, even though the building code does not permit addition in their neighbourhood. How much do you approve or disapprove of the government’s decision to order the demolition?	1	2	3	4	98	99
<b>B3</b>	A man lost his job in a factory and begins to sell arepas in the streets. How much do you approve or disapprove that the government decommissions his equipment and orders his eviction?	1	2	3	4	98	99
<b>B4</b>	A developer builds upper class housing in a zone where the norms do not permit it. How much do you approve or disapprove of the government’s decision to order the demolition?	1	2	3	4	98	99
<b>B5</b>	A man decides to open a bar in the first floor of his house, even though he lives in a residential zone. How much do you approve or disapprove of the government’s decision to close the bar?	1	2	3	4	98	99

**PART A, Section 3.** From your perspective, which of the following entities are the most responsible for the following actions? [ENC: Read options, mark each of the three most responsible entities with an X].

		City Bureaucrats	Police	Local Mayor	Bogotá Mayor	President of the Republic
<b>C1</b>	The control of street vending (choose the 3 most responsible)					
<b>C1a</b>	Who is the most responsible?					
<b>C1b</b>	Who is the second most responsible?					
<b>C1c</b>	Who is the third most responsible?					
<b>C2</b>	The control of traffic violations					
<b>C2a</b>	Who is the most responsible?					
<b>C2b</b>	Who is the second most responsible?					
<b>C2c</b>	Who is the third most responsible?					
<b>C3</b>	The control of informal land occupations					
<b>C3a</b>	Who is the most responsible?					
<b>C3b</b>	Who is the second most responsible?					
<b>C3c</b>	Who is the third most responsible?					



Part B. SOCIAL POLICY							
<b>Part B, Section 1. Changing issues, I am going to read you some statements about the social policies of the Colombian state. We are going to use Card “B” again.</b> <b>[ENC: Write number 1-4, 98 for NS and 99 for NR.]</b>							
		Strongly Disagree	2	3	Strongly Agree	NS	NR
D1	The Colombian government should implement strong policies to reduce income inequality between the rich and the poor. To what extent do you agree or disagree with this statement?	1	2	3	4	98	99
D2	State social policies help people like you.	1	2	3	4	98	99
D3	The government should increase taxes to spend more on programs to promote employment and training.	1	2	3	4	98	99
D4	The government should increase taxes to spend more on programs that provide monthly assistance to poor families.	1	2	3	4	98	99
D5	The government should increase taxes to increase spending on pensions for the elderly.	1	2	3	4	98	99
D6	The state should collect more taxes from the rich to redistribute to the poor.	1	2	3	4	98	99
D7	Cash transfer programs like Familias en Acción or the Programa de Vivienda Gratis teach beneficiaries to live depending on the government.	1	2	3	4	98	99
D8	El gobierno se excede en proteger los derechos de las personas con pocos recursos, y no les enseñan sus deberes y obligaciones como ciudadanos.	1	2	3	4	98	99
D9	<b>From your perspective, which group benefits most from state social policies? [ENC: Read options.]</b>	People who need the assistance who primarily have informal jobs.				1	
		People from the middle class who primarily have formal jobs.				2	
		Unsure				98	
		No response				99	
D10	<b>Please tell me in which of the following three areas should the Bogotá government spend more money?</b>	Education					
		Infrastructure					
		Public security					
		Environment					
		Poverty relief					
		Health					
		Employment					
		Public space					
		Housing					
		NS/NR				99	

Parte C. HOUSING								
<p>Now I am going to read some statements about housing policy in Colombia and then I will ask about your opinions about the housing situation in the city. We are going to use Card "B" again, where 1 is "strongly agree" and 4 "strongly disagree." [ENC: Write number 1-4, 98 for NS and 99 for NR. <i>Each respondent heard one of the three following options.</i>]</p>								
<p>Option 1: The city and national government assigns subsidies of 12 million pesos on average per family, and the majority of families that apply receive a subsidy within a few years.</p> <p>Option 2: The city and national government assigns subsidies of 12 million pesos on average per family, and the majority of families that apply receive a subsidy within a few years. Of all subsidies provided in 2012, 9 out of 10 subsidies went to low-income households.</p> <p>Option 3: The city and national government assigns subsidies of 12 million pesos on average per family, and the majority of families that apply receive a subsidy within a few years. The subsidies provided in 2012 were intended for low-income households. However, 9 out of 10 social interest houses went to</p>								
		Strongly Disagree	2	3	Strongly Agree	NS	NR	
E1	The government should raise taxes to increase housing spending. To what extent do you agree or disagree with this statement?	1	2	3	4	98	99	
E2	The right to dignified housing is a reality for the poor.	1	2	3	4	98	99	
E3	The poor sometimes need to occupy land informally or buy from pirate landlords to access housing.	1	2	3	4	98	99	
E4	The government should evict people who occupy land informally.	1	2	3	4	98	99	
E5	The government should decrease housing subsidies for the middle class to increase spending on housing programs for the poor.	1	2	3	4	98	99	
E6	The government should give property titles to people who live in informal, pirate or invasion neighborhoods.	1	2	3	4	98	99	
E7	The government should raise taxes to increase spending on road infrastructure in the city.	1	2	3	4	98	99	
Part D. CANDIDATES								
<p>Part D, Section 1. Now, to change themes, I am going to read a description of a candidate thinking of running for Mayor of Bogotá. I will ask for your impressions of the candidate, we will use Card "D" where 1 is "very unlikely" and 4 is "very likely." [ENC: Write number 1-4, 98 for NS and 99 for NR. <i>Each respondent heard one of the two following candidates.</i>]</p>								
<p>Option 1: As a City Councilor, the candidate criticized the abuses of previous mayors against unlicensed street vendors. If he were mayor, he would respect the rights of workers in the informal economy until the government provides other job alternatives.</p> <p>Option 2: As a City Councilor, the candidate criticized the permissive attitude of previous mayors against unlicensed street vendors. If he were mayor, he would work for greater order in the streets and clear out unlicensed vendors.</p>								
		Very Unlikely	Unlikely	Likely	Very Likely	NS	NR	
F1	Thinking of this candidate, how likely do you think he is to favor the poor?	1	2	3	4	98	99	
F2	How likely is it that this candidate promotes policies that benefit people like you?	1	2	3	4	98	99	
F3	Now thinking of this candidate, how likely would you be to vote for him for mayor of Bogotá?	1	2	3	4	98	99	
<p>Now we are going to use Card "E" that has a scale from 1 to 5 in which the number 1 means "left" and 5 means "right." [ENC: Write number 1-5, 98 for NS and 99 for NR.]</p>								
		Left	Center Left	Center	Center Right	Right	NS	NR
L1	According to the meaning that the words "left" and "right" have for you, where would you put this candidate on the scale?	1	2	3	4	5	98	99

**PART D, Section 2.** Now, I will read a description of another candidate for the Mayor of Bogotá and after we will use the Cards "D" and "E" again. [[Read one of the two options. *Each respondent heard one of the two following candidates.* ]]

**Option 3:** As a City Councilor, the candidate criticized the lack of projects to generate private sector investment. If he were mayor, he would promote economic development, and specifically, cut government bureaucracy to help businesses grow and generate jobs.

**Option 4:** As a City Councilor, the candidate criticized the lack of projects for vulnerable sectors of the population. If he were mayor, he would promote social inclusion, and specifically, invest in government employment programs to help unskilled workers find jobs.

		Very Unlikely	Unlikely	Likely	Very Likely	NS	NR	
<b>F4</b>	Thinking of this candidate, how likely do you think he is to favor the poor?	1	2	3	4	98	99	
<b>F5</b>	How likely is it that this candidate promotes policies that benefit people like you?	1	2	3	4	98	99	
<b>F6</b>	How likely would you be to vote for this candidate for mayor of Bogotá?	1	2	3	4	98	99	
		Left	Center Left	Center	Center Right	Right	NS	NR
<b>L2</b>	According to the meaning that the words "left" and "right" have for you, where would you put this candidate on the scale?	1	2	3	4	5	98	99
<b>L3</b>	Now, where would you put your own views on this scale?	1	2	3	4	5	98	99
<b>VOT</b>	In the last elections for Mayor of Bogotá, which candidate did you vote for? [S: READ OPTIONS, mark 1-8, 98 for unsure, 99 for no response].	Gustavo Petro Enrique Peñalosa Gina Parody Carlos Fernando Galán David Luna Other candidate Did not vote Blank ballot Unsure No response					1 2 3 4 5 6 7 8 98 99	
<b>Part E. DEMOGRAPHICS</b>								
<b>ED</b>	What was the highest level of schooling that you completed?	None Primary (1-5) Secondary (6-11) Technical University					1 2 3 4 5	
<b>EST</b>	In which strata is your household?	1 2 3 4 5 6 NS (98) NR (99)						

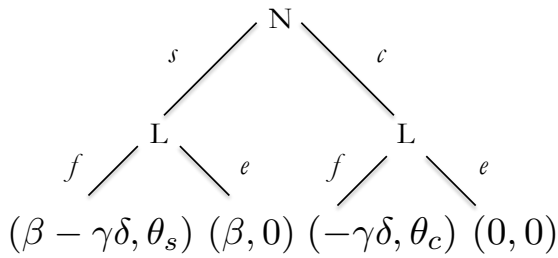
SAL	What type of health insurance do you have? (S: Read all the options.)	Contributory			1
		Subsidised (for example SISBEN)			2
		Special (Armed forces, Ecopetrol, Public universities, Teachers)			3
		None			4
		Unsure			98
		No response			99
CCT	During the last 12 months, did you or someone in your household receive monthly assistance in the form of money or products from the government, such as Familias en Acción?	Yes			1
		No			2
		Unsure			98
		No response			99
VIV1	At some moment, have you or someone in your household requested or received any assistance from the government to help pay for rent, housing or housing improvements?	Yes			1
		No			2
		Unsure			98
		No response			99
VIV2	Have you or someone in your household lived in an informal, pirate or invasion neighborhood?	Yes			1
		No			2
		Unsure			98
		No response			99
VIV3	Do you know someone who has lived in an informal, pirate or invasion neighborhood?	Yes			1
		No			2
		Unsure			98
		No response			99
AMB1	Have you ever worked as a street vendor?	Yes			1
		No			2
		Unsure			98
		No response			99
AMB2	Do you personally know someone who has worked as a street vendor?	Yes			1
		No			2
		Unsure			98
		No response			99
PEN	Do you contribute to a pension fund?	Yes			1
		No			2
		Already pensioned			3
		Unsure			98
		No response			99
Could you tell me if this house has: [ENC: Mark one, read all the options.]		Yes	No	How many?	No response
R1	Freezer	1	2	X	99
R2	Washing machine	1	2	X	99
R3	Television, how many? [S: If they do not say how many, mark "1".]	1	2		99
R4	Car, how many?	1	2		99
R5	Computer, how many?	1	2		99
R6	Internet service	1	2	X	99

HOG.	How many people live in this household at the moment? [S: Note number, 98 don't know and 99 no response]		
EDAD	How old are you?		Age in years:
Age Range			
18-25		1	
26-35		2	
36-45		3	
46-55		4	
56-65		5	
65+		6	
OCUP	What do you primarily do? (S: Read all options.)		
Working	1	Housework	5
Looking for work	2	Permanently disabled	6
Studying	3	Retired	7
Not working and not looking for work	4	No response	99
CONT	What type of labor contract do you have? [ENC: If not working, mark "Doesn't apply" 88, read all the options].		
		Formal contract	1
		Temporary or time-limited contract	2
		No contract	3
		Autonomous or independent	4
		Autonomous or independent professional	5
		Owner or partner in a business	6
		Business owner in public space	8
		Does not apply	88
		No response	99
IN	Using Card "F," in which of the following monthly income ranges is this household, including income from all adults and children who are working? [ENC: Do not read the options, show Card F. If they do not understand, ask: How much money comes into this household each month?]		
		No income	1
		Between 90,000 and 180,000	2
		Between 180,000 and 270,000	3
		Between 270,000 and 360,000	4
		Between 360,000 and 450,000	5
		Between 450,000 and 540,000	6
		Between 540,000 and 630,000	7
		Between 630,000 and 710,000	8
		Between 710,000 and 800,000	9
		Between 800,000 and 940,000	10
		Between 940,000 and 1,100,000	11
		Between 1,100,000 and 1,600,000	12
		Between 1,600,000 and 2,100,000	13
		Between 2,100,000 and 3,200,000	14
		Between 3,200,000 and 4,300,000	15
		More than 4,300,000	16
		No response	99
GE	Gender (S: Note gender, do not ask.)		
		Male	1
		Female	2
As part of the quality control for this survey, it is probable that we will need to contact you again to confirm some information. For this purpose, we would like to request the following information:			
Name:			
Address:			
Telephone:			
Email:			
Thank the respondent.			

## Appendix B. The Formal-Informal Redistribution Game

The model informally described in Chapter 3 is based on a simple game in which national governments develop housing policy depending on how they think local governments will enforce. This dependence can be thought of as an extensive form game in which there are two players. The basic structure of the game, as depicted in Figure B.1, is that the national government, N, is a Stackelberg leader, meaning that it acts first and makes its choice of housing policy in anticipation of how local governments, L, will react.

The utility that local governments receive from forbearance is determined by how the national government sets housing policy. Local politicians receive a benefit of  $\theta_s$  in the case of substitutive housing policy, and  $\theta_c$  in the case of complementary housing policy. I argued that local politicians receive greater political rewards from forbearance when the national government does not invest in housing than when it does, so  $\theta_c > \theta_s$ .



**FIGURE B.1. The Formal-Informal Redistribution Game**

When the national government provides housing to the poor, it receives net benefits  $\beta$ . If local politicians choose forbearance, then the national government also pays a cost  $\gamma$ . These costs accumulate over time so they depend on the national government's discount factor  $\delta$ . When local politicians enforce, the national government does not pay these costs.

I solve by backwards induction. I first consider the case in which the national government invests in substitutive social policy. Local governments receive a net payoff from forbearance of  $\theta_s$  and therefore will choose forbearance as long as  $\theta_s > 0$ . Alternatively, if the national government invests in complementary housing policy, local governments receive a net payoff from forbearance of  $\theta_c$ . They will prefer forbearance when  $\theta_c > 0$ .

Chapter 3 argued that local politicians find it in their electoral interest to forbear when the government provides complementary housing policies, but they will enforce when substitutive housing policies are available. In other words, the case considered is that  $\theta_c > 0 > \theta_s$ . However, there also exist ranges in which local governments always choose forbearance  $\theta_c > \theta_s > 0$ , like when they are too weak to act otherwise or national housing expenditures are so minimal that mayors still receive political benefits from forbearance. Or, local governments may enforce regardless of social policy availability  $0 > \theta_c > \theta_s$ , as in the case of a dictatorship that forces its subordinates to follow the law.

If local governments will enforce only if substitutive housing policy is available, then the national government decides whether to provide housing in which case it receives net benefit  $\beta$ , or whether to forgo housing provision and pay  $\gamma\delta$ . It will invest in housing policy when  $\beta > -\gamma\delta$ .

**Proposition 1.** *If local governments enforce exactly when there is substitutive housing policy  $\theta_c > 0 > \theta_s$ , then national governments invest in substitutive housing policy if and only if the net benefits are greater than the discounted costs so that  $\beta > -\gamma\delta$ .*

This proposition underpinned my argument that national governments are more likely to invest in substitutive housing policy where past politicians have enforced the law, as was the case in Chile following the dictatorship, because the net benefits were high. There are least likely to enforce when the discount factor is high, as in the case of Peru's weak party system.

While I focused on the case where substitutive social policy can change the behavior of local politicians, it is worth comparing cases where local politicians cannot or will not enforce the law irrespective of social expenditures ( $\theta_c > \theta_s > 0$ ). In this case, the national government always pays the costs of forbearance and invests in housing when  $\beta > 0$ , which means that the government will be less likely to provide substitutive housing policies (recall that previously, it invested when  $\beta > -\gamma\delta$ ). Similarly, if the national government perfectly controls the behavior of local governments  $0 > \theta_c > \theta_s$ , as in a dictatorship, then it will always escape the costs of forbearance and invest in housing policy when  $\beta > 0$ .

**Proposition 2.** *If local government capacity is weak, housing investments are small, or the national government perfectly controls local government behavior, then the national government invests in substitutive housing policy only if  $\beta > 0$ . Therefore, substitutive housing policy is less likely to be implemented.*

State weakness thus makes housing policy investments less likely in two ways. If local politicians cannot enforce or sufficient resources cannot be mobilized, then national governments will have weaker incentives to invest in substitutive housing policy. Dictatorship also makes substitutive housing policy less likely if we assume that politicians can perfectly control the behavior of their agents and force enforcement regardless of housing expenditures. A future model could more explicitly model the factors that structure the net benefits of housing provision and costs of forbearance, such as the extent of illegal land occupations and popular demands. For now, this game set up is simply meant to clarify the basic propositions stated informally in Chapter 3.



### *Appendix C: Coding Rules for Newspaper Database*

The newspaper database was drawn from two national newspapers, *El Comercio* in Peru and *El Tiempo* in Colombia. These papers were selected as the most comparable, continuously published, centrist papers. Both papers lean to the right compared to their main rival papers. The main rival paper in Colombia, *El Espectador*, went to weekly publication between 2001 and 2008. The main rival paper in Peru, *La República*, has a slightly lower circulation. *El Tiempo* has the highest circulation in Colombia with 1.1 million readers; *El Comercio* has roughly half a million readers. I selected center-right leaning papers in part so that the Peruvian and Colombian papers also could be compared with the main newspaper in Chile, *El Mercurio*, which I relied on primarily for its coverage of squatting.

I relied on *El Tiempo*'s online archive to locate articles on street vendors; in contrast, I used research assistants to locate articles on street vending from *El Comercio*'s physical archive (given that the online archive only begins in 2002 and does not include full coverage). I also reviewed the physical archives of *El Tiempo* through the categorized newspaper archive maintained by the Center for Research and Popular Education (*Centro de Investigación y Educación Popular*, CINEP). This difference in methodology may have resulted in some discrepancy in the set of stories located. In particular, stories with briefer mention of street vending may have been difficult to locate using hand-coding rules. These methodological differences should not affect the time trends, although they may explain the slightly higher article count on average in Bogotá.

Articles were pulled on street vending from 1990 through 2010. Only articles that included a substantial discussion of street vending were included in the database. In practice, this meant that stories that interviewed street vendors on unrelated content or mentioned that a street had been occupied by street vendors without commentary were excluded. The articles were classified as one

of four types: 1) news item, 2) letter to the editor, 3) short note, and 4) platforms, speeches, or interviews with politicians. The content coding rules for the database are as follows:

*Sympathetic Narrative:* Human-interest stories focused on street vendors (or poor people who happen to work or have worked as street vendors), such as a laid-off factory worker or a single mother who tries to put her children through school by working as a street vendor. For example, “Dora Lila Hernández, who lives in the neighborhood Combeima and supports her three children with her snack sales says that she is willing to go to battle. ‘The mayor is toying with how we feed our families,’ says Hernández, who is part of a group of around 100 informal vendors in public space around the center” (*El Tiempo* 7 March 2005).

*Sympathetic Polemic:* Stories that tie street vending to external conditions like unemployment, political violence or migration, or that defend street vendors as honorable and innocent when faced with enforcement actions, including political speeches that portray vendors in this light. For instance, “To resolve the problem that Bogotá is going through, he said that one needs to take into account three realities: the recovery of public space not only with substantial investment but with awareness of its value as an element of equality, the problem of employment in the city that creates poverty, and recent decisions of the Constitutional Court” (*El Tiempo* 6 Jan 2004).

Within these two categories, each article was coded according to the specific sympathetic appeal:

*Unemployment:* If there is mention of high unemployment rates, lack of jobs, etc.

*Displacement:* If there is mention of the civil war, migration, or internal displacement

*Criminalization of poverty:* If there is mention of “persecution” of innocent poor.

The second major category coded were unsympathetic items:

*Unsympathetic Narrative:* Human-interest stories focused on street vendors who do illicit or unseemly things (ex. selling live chickens in violation of health standards) or otherwise are portrayed as criminal. For example, a description of a couple who sold animals and other illicit merchandise: “In the operation, there also were seized armadillo shells, deer feed, skins, and dead birds, and soon enough they noticed other items hidden behind pots, clothing, peaches, cassettes, and there was even more merchandise stuffed in the pockets of the street vendors” (*El Tiempo* 26 August 1993).

*Unsympathetic Polemic:* Stories on the negative externalities of street vending, such as item that highlights jammed traffic or sidewalks, unfair business competition, tax evasion, clandestine electricity connections, and unsanitary or illegal merchandise. Letters to the editor often fell into this category, for instance: “There the vendors are generating heaps of trash in their workplaces. The minimum that we ask from them is that they go out and sweep the streets and sidewalks” (*El Tiempo* 2 Jan 2005).

Within the unsympathetic categories, there were several sub-categorizations:

*Public Space:* If the article denounces street vendors for monopolizing the public space that should be noncommercialized and accessible to all citizens

*Traffic:* If there is mention of blocking traffic or sidewalks, etc.

*Business environment:* If there is mention of business being harmed, less private sector investment, tax evasion

*Public safety risks:* If there is mention of bad sanitation, unsafe electricity connections, blocking emergency exits, etc.

*Crime and disorder:* If there is mention of make streets unsafe, sheltering criminals, facades for drug traffic organizations, etc.

The category “Other” includes several different types of stories:

*Vendor Negotiations:* Articles on street vendors forming informal associations, negotiating as a group with the government, holding elections, etc.

*Protest:* An organized march by a group that involves claims about street vending.

*Leniency:* Articles that denounce politicians for their failure to act on the problem of street vendors, or otherwise insinuate that the problem could be dealt with if political leaders were to act.

*Relocation and Social Policy Substitution:* Articles that describes past or future project to relocate street vendors to a formal commercial center, kiosks, transition zones, or temporary employment alternatives for vendors. Includes legislation to regulate or legalize street vending.

*Sanction:* Articles that describes the removal of vendors from city streets, the imposition of fines, or decommission of merchandise; also includes articles that discuss the structure of sanctions, such as changes to the police code, and articles that praise politicians for restoring order and removing vendors.

*Court:* Descriptions of a legal case, filing or decision regarding street vendors.

#### *Appendix D: Local Government Enforcement Survey and Additional Statistical Results*

The survey of local governments involved an in-person interview with the director or sub-director of the office in charge of street vending in each district. The precise office depends on the district's administrative structure. Rather than seek an office with a specific title, the selection criterion is the office that manages operations against street vending. In most cases, a local commerce or inspections office is in charge. The exceptions are districts that have a special office for street commerce, or that group vending in an economic "rents" office. The author and/or a trained research assistant from a local university conducted all interviews. The structured survey lasted 30 minutes, although unstructured conversations with officials often continued for up to two hours.

The sample does not include districts that are classified as more than 75 percent rural or have populations under 5000. This means that the sample excludes Sumapaz in Bogotá, and Ancón, Pucusana, Punta Hermosa, Punta Negra, San Bartolo, and Santa Rosa in Lima. In Santiago, I include the 34 districts that comprise Greater Santiago (32 *comunas* in Santiago, plus San Bernardo and Puente Alto in the provinces of Maipo and Cordillera, respectively). Translated versions of the survey, summary statistics, and the additional statistical results discussed are included at the end of this Appendix.

To verify the enforcement operations reported, I consulted district and city documents. Districts in Lima are supposed to report their control activities through the Municipal Survey (*Registro Nacional de Municipalidades*, RENAMU), and districts in Bogotá report their operations to the District Comptroller (*Personería*) and Government Secretary (*Secretaría de Gobierno*). However, not all districts keep records of their operations. When information on operations was available for more than three months, I averaged the number of monthly enforcement operations over up to a year to create a more consistent indicator of a district's behavior. I omit the month of December, however,

because most districts do fewer enforcement operations around the Christmas holiday. For the places that I have the full year data, I ran a regression on the full sample using seasonal dummies and did not find seasonal effects after accounting for the winter holiday.

To check the district government estimates of unlicensed street vending, I verified the data against government and university censuses (*Vendors All*). In Bogotá, I checked the district estimates against the 2010 database of street vendors that registered with the city's agency that attempts to relocate street vendors, the Institute of the Social Economy (*Instituto para la Economía Social*, IPES). The IPES, a government institute, only registered 42,238 vendors in 2010 (up from 23,829 in 2006) in Bogotá, but it likely undercounts vendors by requiring them to register. There is little reason to believe that the undercounting varies systematically by district. The correlation in sources is very high, and my results are unchanged using the IPES data. In Lima, the 2011 Encuesta Nacional de Hogares (ENAHOG), a household survey, estimates the number of street vendors in Lima at 341,237. The discrepancy in the estimates likely reflects the fact that this count depends on the weights used to inflate the survey data (only 478 street vendors were included in the Lima survey) and ambiguity in the question wording (vendors who work in markets may describe themselves as street vendors, or *ambulantes*). Despite these concerns, the correlation between ENAHOG estimates and my survey is 0.821 and my results are robust to the use of this alternative measure of vendors. In Santiago, my estimate of the number of street vendors is very similar to the 47,595 unlicensed vendors numbers counted in a 2010 census by the Pontifical Catholic University of Chile and the Ministry of Transportation. The correlation with district government estimates is 0.838, and my regression results are unchanged.

To construct district estimates of lower class residents (*Lower*), I use government socioeconomic classifications. Chile and Peru rank households from Class A, the highest, to Class E, the lowest. Following the government's classifications, I code the lower class as Classes D and E,

which constitute 45 percent of the population in Santiago and 44 percent in Lima. Colombia ranks socioeconomic strata on a scale of 1 to 6. The lower class comprises Strata 1 and 2, which represent 44 percent of Bogotá's population. Class stratifications by district for 2010 are available from the Bogotá Administrative Department for District Planning (DAPD)'s Stratification and Monitoring Area, and from the polling companies Adimark in Chile and Apeim in Peru.

I verify that differences in socioeconomic stratification methodology do not drive the cross-city results by using a second measure of district poverty. I measure the proportion of households in a district with unsatisfied basic needs, *Poor*. In Bogotá, district poverty data come from the 2011 Multipurpose Survey of Bogotá (*Encuesta Multipropósito de Bogotá*), available from the District Planning Secretary (*Secretaría de Planeación Distrital*, SPD). Poverty statistics for Santiago come from the 2011 National Socioeconomic Characterization Survey (*Encuesta de Caracterización Socioeconómica Nacional*, CASEN), compiled at the district level by National System of Municipal Information (*Sistema Nacional de Información Municipal*, SINIM). In Lima, poverty data come from the National Statistics Institute (*Instituto Nacional de Estadísticas*, INEI) using the 2009 Poverty Map. Given that individuals with an unmet basic need are universally classified as lower class in government stratifications, it is unsurprising that the district income measures are highly correlated— $\rho=0.874$  in Bogotá, 0.737 in Lima, and 0.881 in Santiago.

Budgets are available from Bogotá's District Auditor (*Contraloría de Bogotá*), Chile's SINIM, and Peru's Ministry of Economics and Finance (*Ministerio de Economía y Finanzas*, MEF). For Bogotá, polling station level data comes from the Electoral Observation Mission (*Misión de Observación Electoral*, MOE). For the over-time comparisons, I use the security budget controlled by the city mayor (*Fondo de Vigilancia y Seguridad*) from the District Finance Secretary (*Secretaría de Hacienda Distrital*, SHD).

For Santiago and Lima, data on the mayor's margin of victory and political party come from

national electoral authorities. In Peru, I use records from the National Office of Electoral Processes (*Oficina Nacional de Procesos Electorales*, OMPE). In Chile, I use data from the Electoral Service (*Servicio Electoral*, Servel) and consider the mayor in power during the 2008-2011 term.

In Santiago, I use data on crime available from the 2011 National Statistics Institute (*Instituto Nacional de Estadísticas*, INE) Justice Report to examine criminal law enforcement (including crimes against order, morality, people, property, family, and misdemeanors). Chile's National Police, the *Carabineros*, keep records of calls that they receive for crimes, as well as criminal apprehensions.

#### *Additional Results and Models*

My baseline estimating equation is

$$\ln(y_i) = \beta_0 + \beta_1(lower_i) + \beta_2(vendors_i) + \beta_3 X_i + \varepsilon$$

where  $y_i$  is the count of enforcement operations and  $X_i$  are the control variables in district  $i$ .

I examine several alternative specifications to verify the robustness of my results shown in Table D.2. Model 1 uses the class composition variable *Poor* to measure district poverty. The results are unchanged, and the model fit is actually improved in Santiago. Model 2 fits a negative binomial regression with robust standard errors. A negative binomial is another logical distribution for count data that does not have the Poisson's strong assumption of equal mean and variance. However, it is not recommended for small samples and therefore is used only to check the robustness of the results. The core results from the negative binomial regression are similar to the reported Poisson results. Model 3 recalculates the variables in per capita terms. I use operations per 10,000 residents as a dependent variable and vendors per 10,000 residents (*Vendorspc*) as a covariate. This specification assumes linearity in the value per population, as opposed to linearity in the absolute amount of enforcement controlling for population. I do not have clear priors on the superior specification. The key point is that the results are robust to both, although the model fit is worse overall using the per capita specification.

Table D.3 tests several additional measures of capacity. It is possible that the budget per capita is a weak measure of local government capacity, given that budgets are supplemented by central or city government transfers and not always spent. If district poverty merely captures differences in local government capacity, then the use of more proxies for capacity should drive the coefficient on district poverty to zero. Capacity measures also should be more significant predictors of enforcement outcomes than demographic variables.

One type of measure of capacity comes from the size of the district police or bureaucracy. Districts with larger police forces and bureaucracies are more likely to be able to enforce the law effectively. Unfortunately, data on the size of police forces are not disaggregated to the sub-city level. Cities with national police forces rotate their officers frequently, such that they do not keep statistics on the size of the force in a given district, and decentralized cities like Lima have no systematic data collection on force size. Due to data limitations, I measure the number of police stations per district (*Police*) as a proxy for enforcement capacity. This measure obviously does not capture differences in the number of officers at a station or the quality of policing, but it provides a crude measure of whether basic institutional infrastructure is distributed evenly across urban space. Model 1 shows that, while the coefficients on the number of police stations are positive in Bogotá and Santiago, they do not reach statistical significance, and the coefficient actually points in the wrong direction in Lima. Obviously, I cannot rule out that differences in the number of police officers or their quality drive the results, but using the best proxy available, this test provides suggestive evidence that differences in policing do not account for the enforcement patterns.

A second measure that captures administrative capacity is the number of district employees per 1,000 residents (*Employees*). In some respects, the size of the bureaucracy as a whole may be a better indicator of capacity than simply the number of police offices. The number of employees assigned to enforcement is an endogenous choice that can itself reflect a mayor's political or



enforcement priorities, while the overall size of the bureaucracy represents the government's potential to enforce its regulations. The number of bureaucrats varies by almost an order of magnitude across districts (these figures include contract, political, and permanent employees, but exclude pensioners). Information comes from SINIM in Santiago, and the MEF in Lima. I could not locate this information by district in Bogotá because all personnel are considered city, not district, employees due to urban centralization.

Model 2 reveals that the size of the bureaucracy is associated with more enforcement in Lima and Santiago. However, the result is not statistically significant in Lima, and poverty remains a significant negative and substantively important predictor of enforcement in both cases. The most interesting result comes from Santiago where an increase in personnel is associated with more enforcement. The result for Santiago suggests that government capacity may play a role even in a city with strong institutions and a capable police force. Critically, however, district poverty remains significant even after accounting for the size of bureaucracy and explains more of the variance in enforcement outcomes.

Third, I consider locally collected taxes as a measure of district government capacity (*Tax*). Local revenue may directly allow for governments to fund more enforcement activities, but as Cleary (2007) argues, local revenue also may suggest efforts to develop bureaucratic capacity to collect property taxes and local fees. Local revenue per capita thus may better proxy for administrative quality than the total budget, which often includes transfers from the center weighted by district poverty to compensate poor districts. In Bogotá, I consider property tax collection, given that it is the only tax collected at the local level (although revenues are then redistributed). In Lima and Santiago, I consider all taxes directly collected at the local level (which excludes central government transfers and oil, mineral, and duty tax revenue, but includes property and local taxes, fees, and

finances). Model 3 shows that there is no significant relationship between tax collection and enforcement in any city.

Another ideal measure of capacity would be salary information for the police or inspectors. Unfortunately, systematic payroll data are not available for police officers. In Lima and Santiago, I use the average annual salary of a district employee (*Salary*), which I calculate by dividing total personnel costs by the reported number of employees in the district. As stated above, employment statistics are not broken down by district in Bogotá, nor are salaries locally determined, so I am unable to perform the same calculation. Tax and salary information comes from the SHD in Bogotá, SINIM in Santiago, and MEF in Lima. Model 4 shows that there is no statistically significant relationship between salaries and enforcement.

## SURVEY ON PERCEPTIONS OF STREET VENDING AND PUBLIC SPACE

### A. Local Government Resources

1. What position do you hold?
2. What career did you study?
3. How long have you been in the position?
4. What type of employment contract do you have?
5. Where did you work before you started here?
6. Now I want to talk about commerce in the district. How many informal street vendors, meaning vendors without licenses, are there in the district?
  - a. Informal market vendors?
  - b. Vendors on sidewalks?
7. How does the district gather information on the number of informal vendors? Where do these statistics come from?
8. In this municipality, which entity is in charge of the control of public space (inspectors, municipal police, etc.)? How many inspectors or police are dedicated to the control of informal commerce?
9. Do the inspectors have their own car? If not, how many times a week do they have access to a car to do inspections?
10. Some people think that the district has put a lot of emphasis on the control of Street vending; others think that the district is not using much effort. On a scale of 1 to 10 where “1” means no effort and “10” means a lot, how much effort do you think that this government uses to control unlicensed street vending?

1	2	3	4	5	6	7	8	9	10	
None					A lot					

11. How many operations has the office done this month? And in the past three months? What does an operation consist of?
12. How many citizen complaints do you receive per month about street vending?
13. How many times a month do politicians call you with respect to the problem of vending? Do politicians want more or fewer operations?
14. How many vending associations are there in the municipality? Do you know any vending association leaders by name?

## B. Control Activities

I am going to read a series of various types of policies to control street vending and ask you how frequently the district undertakes each of the following activities. For each one, can you tell me if the district does it every week or almost every week, a few times a month, a few times a year, or never?

	Each week or almost every week	One or two times per month	Only a few times each year	Never
15. Inspections				
16. Evictions				
17. Relocations of vendors				
18. Warnings or fines				
19. Retentions or decommissions of merchandise				
20. Technical assistance to help register vendors				
21. Collection of payments for the use of public streets				
22. Meetings or operations with other districts				

### C. Perceptions

People have different ideas about street vending. I am going to read you some opinions and ask you where you would situate your own opinions on this scale where “1” means that you agree completely with the first statement, and “10” means that you agree completely with the second statement. The statements are opposites. If your opinions are somewhere in the middle, you can choose any intermediate number.

23.

1	2	3	4	5	6	7	8	9	10	

The poor receive most of the benefits from street vending.

Leaders of vending associations receive most of the benefits from street vending.

24.

1	2	3	4	5	6	7	8	9	10	

Occupations of public space are necessary so that the poor have a way to work.

Employment needs do not justify that people occupy public spaces to work.

25.

1	2	3	4	5	6	7	8	9	10	

The eviction of street vendors only results in their displacement to other districts.

The eviction of street vendors efficiently reduces the number of street vendors in all districts.

26.

1	2	3	4	5	6	7	8	9	10	

The majority of street vendors do not have enough income to rent or buy a formal shop.

The majority of street vendors already have a formal shop or have sufficient resources to buy or rent one.

27.

1	2	3	4	5	6	7	8	9	10	

The poor choose to live off the hand of the government.

The poor are victims of social injustice.

28.

1	2	3	4	5	6	7	8	9	10

The lack of resources is the biggest obstacle to the control of street vending.

Political intervention is the biggest obstacle to the control of street vending.

29.

1	2	3	4	5	6	7	8	9	10

Legal requirements restrict government action when confronted with occupation of public space by vendors.

Legal requirements allow for government action when confronted with occupation of public space by vendors.

30.

1	2	3	4	5	6	7	8	9	10

The government should relocate street vendors in formal spots or grant licenses because relocation guarantees a form of work for evicted vendors.

The government should not relocate vendors in formal spots or grant licenses because relocation is a reward for people who have violated the law.

31.

1	2	3	4	5	6	7	8	9	10

It is common that street vendors pay bureaucrats or the police to remain in the streets.

It is uncommon that street vendors pay bureaucrats or the police to remain in the streets.

32.

1	2	3	4	5	6	7	8	9	10

Politicians on the Right are more willing to tolerate street vendors due to their aversion to using the state to create jobs.

Politicians on the Left are more willing to tolerate street vendors due to their social sympathies.

33.

1	2	3	4	5	6	7	8	9	10

Politicians lose electoral support when they evict street vendors.

Politicians gain electoral support when they evict street vendors.

34.

1	2	3	4	5	6	7	8	9	10

It is the responsibility of the government to guarantee that everyone has a form of employment.

It is the responsibility of each individual to find employment.

35.

1	2	3	4	5	6	7	8	9	10

The local mayor and councillors stop evictions of street vendors.

The local mayor and councillors support evictions of street vendors.

36.

1	2	3	4	5	6	7	8	9	10

Bureaucrats and the police fear disciplinary investigations against them for doing operations against street vendors.

Bureaucrats and the police do not fear disciplinary investigations against them for doing operations against street vendors.

#### D. Demographic Information

1. Were you born in the city? Were your parents born in the city?
2. Did you work for any candidate or party in the last municipal elections? And in the presidential elections?
3. On a scale of 1 to 10 that goes from Left to Right, where “1” signifies Left and “10” signifies Right, today, according to the understanding that you have of the terms Left and Right, when you think of your political point of view, where would you put yourself on that scale?
4. In the last elections, which mayoral candidate did you support?
5. What is your level of education?

#### Internal Information:

Date:

Duration:

Gender:

Code:

## SURVEY ON PERCEPTIONS OF ILLEGAL LAND OCCUPATIONS AND HOUSING

### A. Local Government Resources

1. What position do you hold?
2. What career did you study?
3. How long have you been in the position?
4. What type of employment contract do you have?
5. Where did you work before you started here?
6. Now I want to talk about the district. Approximately, what fraction of the district is included in the land cadaster? For example, would you say that none, a quarter, half, or almost all the district is included?
7. How does the district gather information on the number of informal vendors? Where do these statistics come from?
8. In this municipality, is there an entity that is in charge of the control of illegal land occupations (inspectors, municipal police, etc.)? How many inspectors or police are dedicated to the control of illegal land occupations?
9. How does the district learn about new illegal land occupations in general?
10. How many inspectors are dedicated to formal construction inspections or licenses?
11. Do the inspectors have their own car? If not, how many times a week do they have access to a car to do inspections?
12. In the last six months, how many new illegal land occupations have there been in the district?
13. In the last six months, have there been any evictions?
14. Some people think that the district has put a lot of emphasis on the control of illegal land occupations; others think that the district is not using much effort. On a scale of 1 to 10 where “1” means no effort and “10” means a lot, how much effort do you think that this government uses to control illegal land occupations?

1	2	3	4	5	6	7	8	9	10		
<i>None</i>											<i>A lot</i>

15. How many citizen complaints do you receive per month about illegal land occupations?



16. How many times a month do politicians call you with respect to illegal land occupations? Do politicians want more or fewer operations?
17. How many informal settlement associations are there in the municipality? Do you know any housing association leaders by name?

## B. Control Activities

I am going to read a series of various types of policies to control illegal land occupations and ask you how frequently the district undertakes each of the following activities. For each one, can you tell me if the district does it every week or almost every week, a few times a month, a few times a year, or never?

	Each week or almost every week	One or two times per month	Only a few times each year	Never
18. Fines or warnings for illegal land occupations				
19. Demolitions				
20. Evictions				
21. Projects to occupy empty land				
22. Talks with neighbors so they report offenses				
23. Propaganda to warn against purchases from land traffickers				
24. Report illegal land occupations to authorities				
25. Relocations				

### C. Perceptions

People have different ideas about illegal land occupations. I am going to read you some opinions and ask you where you would situate your own opinions on this scale where “1” means that you agree completely with the first statement, and “10” means that you agree completely with the second statement. The statements are opposites. If your opinions are somewhere in the middle, you can choose any intermediate number.

26.

1	2	3	4	5	6	7	8	9	10	

The poor receive most of the benefits from illegal land occupations.

Land traffickers receive most of the benefits from illegal land occupations.

27.

1	2	3	4	5	6	7	8	9	10	

Illegal land occupations are justified so that the poor have somewhere to live.

Housing needs do not justify that people occupy land illegally.

28.

1	2	3	4	5	6	7	8	9	10	

The majority of squatters do not have enough income to rent or buy a formal house or apartment.

The majority of squatters have enough income to rent or buy a formal house or apartment.

29.

1	2	3	4	5	6	7	8	9	10	

The poor choose to live off the hand of the government.

The poor are victims of social injustice.

30.

1	2	3	4	5	6	7	8	9	10	

The lack of resources is the biggest obstacle to the control of squatting.

Political intervention is the biggest obstacle to the control of squatting.

31.

1	2	3	4	5	6	7	8	9	10

Legal requirements restrict government action when confronted with an illegal land occupation.

Legal requirements allow for government action when confronted with an illegal land occupation.

32.

1	2	3	4	5	6	7	8	9	10

It is the state's responsibility to guarantee that each individual has access to housing.

It is each individual's responsibility to find their own housing.

33.

1	2	3	4	5	6	7	8	9	10

The government should relocate squatters to guarantee that the evicted people have a place to live.

The government should not relocate squatters because relocation is a reward for people who have violated the law.

34.

1	2	3	4	5	6	7	8	9	10

It is common that squatters pay bureaucrats or the police to remain in the land that they have occupied.

It is uncommon that squatters pay bureaucrats or the police to remain in the land that they have occupied.

35.

1	2	3	4	5	6	7	8	9	10

Politicians on the Right are more willing to tolerate illegal land occupations due to their aversion to using the state to build housing for the poor.

Politicians on the Left are more willing to tolerate street vendors due to their social sympathies.

36.

1	2	3	4	5	6	7	8	9	10

The local mayor and councillors stop evictions of squatters.

The local mayor and councillors support evictions of squatters.

37.

1	2	3	4	5	6	7	8	9	10

Politicians lose electoral support when they evict illegal land occupations.

Politicians gain electoral support when they evict illegal land occupations.

38.

1	2	3	4	5	6	7	8	9	10

It is expensive for the state to build social interest housing; it is cheaper to permit illegal land occupations and legalize the constructions.

It costs more in the long run for the state to formalize informal housing than to build social interest housing at the beginning.

37.

1	2	3	4	5	6	7	8	9	10

Bureaucrats and the police fear disciplinary investigations against them for doing operations against squatters.

Bureaucrats and the police do not fear disciplinary investigations against them for doing operations against squatters.

#### D. Demographic Information

1. Were you born in the city? Were your parents born in the city?
2. Did you work for any candidate or party in the last municipal elections? And in the presidential elections?
3. On a scale of 1 to 10 that goes from Left to Right, where “1” signifies Left and “10” signifies Right, today, according to the understanding that you have of the terms Left and Right, when you think of your political point of view, where would you put yourself on that scale?
4. In the last elections, which mayoral candidate did you support?
5. What is your level of education?

#### Internal Information:

Date:

Duration:

Gender:

Code:

Table D.1. Summary Statistics

	Bogotá			Lima			Santiago		
	<i>mean</i>	<i>sd</i>	<i>range</i>	<i>mean</i>	<i>sd</i>	<i>range</i>	<i>mean</i>	<i>sd</i>	<i>range</i>
<i>Operations (monthly)</i>	8.9	6.9	2.0-8.0	23.2	18.8	0.0-65.0	2.7	4.9	0.0-16.0
<i>Lower</i>	39.6	36.4	0.1-99.1	39.2	22.5	9.0-84.0	45.3	18.8	3.1-73.8
<i>Vendors (thous.)</i>	3.9	3.0	0.9-12.0	3.2	4.4	0.1-20.0	1.6	2.4	0-12
<i>Budget (US\$ per capita)</i>	136.8	164.4	36.3-713.8	242.3	406.3	61.1-2273.2	319.6	248.9	118.2-1117.5
<i>Population (10 thous.)</i>	36.0	28.1	2.3-95.1	22.6	18.5	3.4-89.8	18.4	17.5	5.1-84.7
<i>Margin</i>				14.2	11.9	0.3-54.8	24.4	16.7	1.7-59.1
<i>Right</i>							0.5	0.5	0-1
<i>Arrests (thous.)</i>							5.8	4.8	1.4-28.0
<i>Reports (thous.)</i>							23.9	18.6	8.8-104.2
<i>Costs</i>	4.6	2.1	1.0-9.0	4.9	2.7	1.0-10.0	4.7	3.6	1.0-10.0
<i>Corruption</i>	8.5	1.9	5.0-10.0	5.2	3.3	1.0-10.0	9.6	1.0	5.0-10.0
<b>Robustness Checks</b>									
<i>Poor</i>	17.2	9.0	4.2-32.6	20.8	12.4	2.0-43.5	11.6	6.5	0.2-27.7
<i>Police</i>	8.7	34	4.0-16.0	10.8	3.4	6.0-18.0			
<i>Employees</i>				7.1	7.1	1.3-33.3	2.9	1.9	0.5-10.6
<i>Tax (US\$ million)</i>	30.5	30.9	3.5-106.2	20.6	51.1	2.0-312.6	18.7	24.8	1.2-123.6
<i>Salary (US\$ annual)</i>				3873.8	2374.1	979.9-14341.6			

**Table D.2. Cross-Sectional Analysis: Alternative Specifications**

	Bogotá			Lima			Santiago		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
<i>Poor</i>	-0.074 (0.076)	-0.077 (0.081)	-0.035 (0.127)	-0.421* (0.069)	-0.568* (0.075)	-0.516* (0.066)	-0.636* (0.129)	-0.734* (0.111)	-0.661* (0.148)
<i>Vendors</i>	0.752* (0.077)	0.752* (0.044)		-0.339* (0.113)	-0.432* (0.129)		-0.413 (0.274)	-0.415 (0.199)	
<i>Budget</i>	0.021 (0.051)	0.021 (0.050)	0.193 (0.170)	0.276* (0.083)	0.325* (0.109)	0.253* (0.098)	-0.172 (0.221)	-0.249 (0.202)	-0.222 (0.171)
<i>Population</i>	0.212* (0.071)	0.192* (0.058)	-0.307* (0.120)	0.852 (0.282)	1.522* (0.656)	-0.299* (0.125)	0.295 (0.289)	0.527 (0.667)	-0.323* (0.134)
<i>Vendorspc</i>			0.752* (0.105)			-0.160 (0.107)			-0.303 (0.238)
N	19	19	19	36	36	36	34	34	34
$R^2$	0.469	0.290	0.292	0.372	0.431	0.381	0.263	0.273	0.162

Notes:  $*p < 0.05$ ; Poisson robust standard errors in parentheses; two-tailed tests. Model 2 is a negative binomial; Model 3 uses operations per capita as the dependent variable.

**Table D.3. Cross-Sectional Analysis: Alternative Capacity Measures**

	Bogotá		Lima				Santiago			
	(1)	(3)	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
<i>Poor</i>	-0.058 (0.076)	-0.069 (0.102)	-0.410* (0.072)	-0.442* (0.091)	-0.474* (0.081)	-0.421* (0.067)	-0.596* (0.192)	-0.613* (0.170)	-0.633* (0.128)	-0.637* (0.125)
<i>Vendors</i>	0.670* (0.097)	0.749* (0.079)	-0.338* (0.114)	-0.329* (0.120)	-0.277* (0.138)	-0.340* (0.115)	-0.331 (0.205)	-0.272 (0.261)	-0.370 (0.233)	-0.411 (0.260)
<i>Budget</i>	0.012 (0.039)	0.022 (0.056)	0.303* (0.117)	0.338 (0.180)	0.009 (0.173)	0.276* (0.082)	0.039 (0.313)	-0.078 (0.186)	-0.195 (0.277)	-0.186 (0.258)
<i>Population</i>	0.101 (0.092)	0.211* (0.064)	0.824* (0.270)	0.826* (0.295)	0.728* (0.278)	0.856* (0.302)	0.241 (0.293)	0.403 (0.308)	0.231 (0.279)	0.232 (0.488)
<i>Police</i>	0.135 (0.107)		-0.056 (0.162)				0.536 (0.431)			
<i>Employees</i>				-0.057 (0.168)				0.403* (0.162)		
<i>Tax</i>		0.006 (0.088)			0.316 (0.243)				0.073 (0.336)	
<i>Salary</i>						-0.011 (0.151)				0.071 (0.589)
N	19	19	36	36	36	36	34	34	34	34
$R^2$	0.473	0.469	0.375	0.374	0.383	0.372	0.311	0.323	0.265	0.263

Notes:  $*p < 0.05$ ; Poisson robust standard errors in parentheses; two-tailed tests.

## *Appendix E. A Cross-National Statistical Test*

The analysis considers squatter settlement formation in 82 low and middle-income countries.<sup>1</sup> I measure forbearance toward squatting through the fraction of the urban population that lives in squatter settlements in 2005 using UN-Habitat reports. UN-Habitat defines a squatter settlement as any urban area that suffers from one or more of the following conditions: non-durable structures (e.g. shacks), insufficient living area (i.e. overcrowding), insecure tenure, or deficient access to adequate water and sanitation facilities (UN-Habitat 2008). The main shortcoming of this measure is that it does not isolate populations by their land tenure status.<sup>2</sup>

My key independent variable is a state's distributive capacity, and particularly the progressivity of social expenditures. Unfortunately, housing budgets and their beneficiaries are not available. Absent housing expenditure information, the best way to measure distributive capacity consistent with my theory is to look at the extent of pro-poor social spending. I follow others (Morrison 2009; Slater and Smith 2012; Timmons 2005) in using direct income taxation as a fraction of GDP as the best available proxy for redistribution *from* elites (*Redistribution*). Income tax revenue is calculated as a fraction of GDP to control for the size of the economy and national income. Direct taxation of elites, I argue, predicts the ability to prioritize the poor through formal means. I measure pro-poor expenditures more directly by the extent to which social safety nets exist to compensate for poverty and other social risks (*Targeted*), available from the 2010 Bertelsmann Transformation Index. A score of "10" represents comprehensive social safety nets focused on the

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<sup>1</sup> These are defined as countries with average per capita GDP of less than \$15,000 between 1995 and 2010. Micro-states—defined as countries with a population less than 500,000—are excluded because of limited data and distinct urban dynamics.

<sup>2</sup> Although UN-Habitat has produced cross-country estimates of slum populations for other years, the 2001 and 2005 series offers the largest country coverage. The terms "slums" and "squatter settlements" are used almost interchangeably, although tenure and ownership institutions can vary in both categories.

prevention of poverty that cover the entire population; a score of “1” represents the absence of social safety nets. Most Latin American countries receive middling scores (4 to 6) because important social safety benefits are limited to a fraction of the population. Both of these measures should predict fewer squatter settlements.

To help assess my theoretical claim that distributive, rather than administrative, capacity underlies forbearance, I attempt to control for overall bureaucratic quality by controlling for the effectiveness of the bureaucracy (*Effectiveness*), as measured by the World Bank’s Government Indicators. The effectiveness indicator captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of government’s commitment to such policies. Following DeSoto, I include a measure for the number of days required to register property (*Regulation*). More cumbersome bureaucracy to formalize property should be associated with large squatter settlements, if administrative capacity-based theories are correct.

My second key independent variable is the degree of political decentralization. I look at whether a country holds elections at the district and state level (*Decentralization*). It runs from 0, if there are no subnational elections, to 2, if there are elections at both the local and state level. While the case studies concentrated on unitary political systems, enforcement likely becomes even more complicated in federal systems if city, state, and national officials must coordinate enforcement and housing efforts. This variable is based on the Quality of Government Database from the Institute at University of Gothenburg. Under political decentralization, local politicians are more likely to respond to demands to permit squatting and national governments can pass off the costs of forbearance. As such, I expect political decentralization to predict larger squatter settlements.

To check that political centralization does not simply reflect regime type, I also control for regime type (using the sum of the autocracy and democracy scores, *Polity2*). While the theory



developed here focuses on electoral democracies, forbearance also can occur in authoritarian regimes. I expect democracies to have larger squatter populations because elected politicians are more sensitive to the political costs of enforcement. Anecdotally, some authoritarian rulers have used far more consistent and intense repression against squatters and street vendors than plausible under democracy. Pinochet strongly repressed squatter settlement formation in Chile. The thuggish Chinese urban administrative police (*chengguan*) engage in routinized brutality against street vendors (HRW 2012). Nonetheless, authoritarian regimes are diverse, and still have motives to redistribute resources (for a review, see Mares and Carnes 2009). In particular, authoritarian rulers may favor forbearance to stabilize the regime without expansions in the welfare state. Collier's (1976) excellent study of authoritarian Peru underscores the attraction of tolerance toward squatter settlements to rulers who are unwilling to do more to aid the poor. Dorman (2007) argues that Egyptian authorities since the 1960s began to tolerate squatter settlements to resolve housing demands and sustain a patrimonial indirect system of rule. Thus, much like the political Right faces a tension in its embrace of forbearance, some authoritarian regimes may value the pro-poor distributive benefits that forbearance offers without the use of traditional welfare channels. My hunch is that, on average, authoritarian regimes should be more likely to repress squatter settlements so the coefficient should be positive.

I also include a number of controls. It is possible that income taxation affects enforcement because it represents an increase in the size of the government's budget to fund enforcement, as well as other welfare activities. To account for this possibility, I control for all taxes collected by the government as a fraction of GDP (*Taxes*). Second, I test the impact of a larger welfare state, measured by aggregate social expenditures on health, social security, and education as a share of GDP (*Welfare*). My expectation is that overall social expenditures do not have a clear impact on squatter settlement size because it is unclear if governments invest in substitutive or complementary

programs. Third, some economists have suggested a “modernization theory” of squatter settlements (Frankenhoff 1967; Glaeser 2012; Turner 1969). Squatters are a transitory phenomenon characteristic of fast-growing economies, and they give way to formal housing as societies approach the later stages of economic development. As a measure of economic development, I include the natural log of GDP per capita between 1995 and 2010 in constant 2005 dollars (*GDP*). More developed societies likely have smaller squatter populations. Fourth, I include *Urban Growth* as a control for the compound annual urban growth rate between 1995 and 2010. Intuitively, cities that grow faster have more demand for housing and thus are likely to have larger informal settlements, regardless of government enforcement activities and social investments. Fifth, I control for the population that lives in urban areas (*Urbanization*). More urbanized countries likely have less available land for additional squatter settlements, and therefore smaller squatter populations. I also include dummies for each region.

Table E.1 presents the results of a series of regression models of the cross-national determinants of squatter settlements. Consistent with my first hypothesis, Model 1 reports that redistributive taxation is a highly significant negative predictor of squatter settlement formation. Controlling for the other possible confounders, the more that governments manage to tax the wealthy, the smaller the squatter population, and substantially so. A standard deviation in income taxes collected (an additional 3 percent of GDP) is associated with 10 percent less of the urban population living in squatter settlements.

These findings support my theory that governments that pursue greater redistribution are also better able to reduce squatting. In other words, formal redistribution substitutes for informal redistribution, making squatting less likely. There are clearly inferential problems associated with this interpretation. Specifically, an alternative interpretation is that governments with the administrative capacity to extract taxes from the wealthy also can keep the poor from squatting.

To separate these explanations, Model 2 includes the same array of variables, but uses social safety net provisions to capture expenditures *on the poor*. Again, an important line of argument in past chapters is that spending must be divided based on its progressivity. Only forms of expenditures that target the poor effectively reduce demand to squat and take resources through informal means. Consistent with this emphasis, social expenditures on the poor are associated with smaller squatter settlements, but the effect falls just short of conventional levels of statistical significance. Models 3 and 4 show that the size of the welfare state, even controlling for the progressivity of expenditures, does not predict squatter settlement size.

These results thus support the argument advanced: progressive social spending—measured through taxation on the wealthy and safety nets for the poor—does foretell smaller squatter populations. Encouragingly, alternative state capacity measures do a much worse job explaining squatter settlement patterns. The effectiveness of the bureaucracy, and even GDP per capita, are not associated with smaller squatter settlements once redistributive spending is taken into account. The extent of regulation is a weak and inconsistent predictor of squatter settlement populations.

Models 5 and 6 examine the impact of political decentralization. As predicted, local and state elections are associated with larger squatter settlement populations. The coefficient remains positive, but loses statistical significance, once we account for regime type. These results thus suggest that decentralized political systems may have more challenges in controlling squatter settlement formation either because local politicians use forbearance to satisfy popular demands or they struggle to coordinate enforcement and social spending activities, as theorized in Chapter 3.

Generally speaking, there is no statistically significant relationship between a country's polity score and squatter settlements. In some ways, this result is surprising given my theory of electorally motivated forbearance. This could be attributed to measurement error given that the coefficient does point in the right direction. Alternatively, it might reflect the diverse reasons that lead some

authoritarian regimes to favor forbearance due to its pro-poor, anti-state nature. Future research may probe the workings of forbearance across a range of authoritarian regimes, investigating questions such as how the identity of squatters as potential political opponents or the durability of the authoritarian regime might affect its enforcement politics.

**TABLE E.1. Cross-National Determinants of Squatter Settlements**

	(1)	(2)	(3)	(4)	(5)	(6)
<i>Redistribution</i>	-3.104*			-3.182*	-0.132	-1.057
	(1.35)			(0.84)	(1.99)	(1.79)
<i>Effectiveness</i>	-0.271	5.760	-1.780	-1.125	6.047	1.742
	(5.92)	(6.40)	(5.53)	(6.87)	(9.47)	(9.19)
<i>Regulation</i>	0.075	0.065	0.050	0.091*	0.077	0.091*
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
<i>GDP</i>	-1.071	-6.625	-4.936	-0.015	-1.212	4.854
	(4.39)	(3.45)	(2.80)	(4.39)	(5.47)	(5.29)
<i>Urbanization</i>	-0.331	-0.340*	-0.203	-0.444*	-0.162	-0.311
	(0.18)	(0.16)	(0.16)	(0.17)	(0.23)	(0.23)
<i>Urban Growth</i>	6.201*	4.614*	5.427*	5.990*	5.200	6.689
	(2.58)	(1.83)	(1.83)	(2.45)	(3.79)	(3.38)
<i>Taxes</i>	0.242				-1.519	-1.254
	(0.68)				(1.41)	(1.22)
<i>Targeted</i>		-4.804		-2.013	-2.702	-0.159
		(2.57)		(2.67)	(3.63)	(3.35)
<i>Welfare</i>			-0.385	1.804	0.773	-1.312
			(1.03)	(1.07)	(1.73)	(1.66)
<i>Decentralization</i>					6.095*	4.494
					(3.10)	(3.00)
<i>Polity2</i>						0.233
						(0.63)
N	67	76	82	76	40	40
R <sup>2</sup>	0.679	0.678	0.626	0.720	0.822	0.892

Notes: \* $p < 0.05$ ; Robust standard errors in parentheses; two-tailed tests. Regional dummies not shown.